

**MERCER COUNTY INSURANCE FUND COMMISSION  
AGENDA AND REPORTS  
JANUARY 23, 2017**

**MERCER COUNTY  
MCDADE ADMINISTRATION BUILDING  
640 SOUTH BROAD STREET  
ROOM 211  
TRENTON, NJ 08650-8068  
10:30 AM**

**OPEN PUBLIC MEETINGS ACT - STATEMENT OF COMPLIANCE**

**In accordance with the Open Public Meetings Act, notice of this meeting was given by:**

- I. Advertising the notice in the Trenton Times, The Trentonian and the Princeton Packet**
- II. Filing advance written notice of this meeting with the Commissioners of the Mercer County Insurance Fund Commission; and**
- III. Posting notice on the Public Bulletin Board of the Office of the County Clerk**

**MERCER COUNTY INSURANCE FUND COMMISSION  
AGENDA  
OPEN PUBLIC MEETING: JANUARY 23, 2017  
640 S. BROAD STREET, ROOM 211  
TRENTON, NJ 08650-8068  
10:30 AM**

- ☐ **MEETING CALLED TO ORDER - OPEN PUBLIC MEETING NOTICE READ**
- ☐ **ROLL CALL OF COMMISSIONERS**
- ☐ **APPROVAL OF MINUTES:** December 19, 2016 Open Minutes.....Appendix I  
December 19, 2016 Closed Minutes .....Handout
  
- ☐ **CORRESPONDENCE:**
  
- ☐ **COMMITTEE REPORTS**
  - Safety Committee:..... Verbal
  - Claims Committee: ..... Verbal
  
- ☐ **EXECUTIVE DIRECTOR/ADMINISTRATOR - PERMA** ..... Pages 3-23
  
- ☐ **TREASURER – David Miller**
  - Resolution 13-17 January Bill List - Motion.....Page 24
  - November Treasurer Reports ..... Pages 25-26
  
- ☐ **ATTORNEY – Arthur R. Sypek, Jr., Esq.** ..... Verbal
  
- ☐ **CLAIMS SERVICE –Inservco Insurance Services, Inc. - Motion**
  - Resolution 14-17 Authorizing Disclosure of Liability Claims Check Register..... Pages 27-28
  - Liability Claims Payments 12-1-16 to 12-31-17 ..... Pages 29-30
  
- ☐ **MANAGED CARE – First MCO**
  - Monthly Summary Report – December .....Page 31
  
- ☐ **CEL SAFETY DIRECTOR – J.A. Montgomery Risk Control**
  - Monthly Report..... Pages 32-34
  
- ☐ **RISK MANAGER CONSULTANT – Borden Perlman Salisbury & Kelly**
  - Monthly Report – Environment Insurance ..... Verbal
  
- ☐ **OLD BUSINESS**
- ☐ **NEW BUSINESS:**
- ☐ **PUBLIC COMMENT**
  
- ☐ **CLOSED SESSION – Payment Authorization Requests (PARS)** .....Pages 35-37  
Resolution 15-17 Executive Session for purpose as permitted by the Open Public Meetings Act,  
more specifically to discuss PARS related to pending or anticipated litigation as identified in  
the list of claims prepared by third-party claim administrator Inservco Insurance Services,  
Inc. and attached to this agenda.
  - ☐ Motion for Executive Session

☐ APPROVAL OF PARS - Motion

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☐ MEETING ADJOURNMENT

☐ NEXT SCHEDULED MEETING: **February 27, 2017, MERCER COUNTY, McDADE  
ADMINISTRATION BUILDING, 640 S. BROAD STREET, TRENTON, NJ 08650-8068  
10:30 AM**

**MERCER COUNTY INSURANCE FUND COMMISSION**

9 Campus Drive, Suite 216  
Parsippany, NJ 07054  
Telephone (201) 881-7632 Fax (201) 881-7633

Date: January 23, 2017

Memo to: Commissioners of the Mercer County Insurance Fund Commission

From: PERMA Risk Management Services

Subject: Executive Director's Report

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- ❑ Reorganization Resolutions (Pages 5-16)** – The MCIFC is required to reorganize at the January Executive Committee meeting as per the Commission By Laws. Listed below are the necessary Reorganization Resolutions which are included in the agenda on pages 5-16.

Resolution 1-17	Appointing MCIFC Commissioners.....	Page 5
Resolution 2-17	Appointing CEL Commissioner .....	Page 6
Resolution 3-17	Appointing Treasurer .....	Page 7
Resolution 4-17	Appointing Commission Attorney.....	Page 8
Resolution 5-17	Designating Authorized Depositories for Fund Assets.....	Page 9
Resolution 6-17	Designating Authorized Signatures for Commission Bank Account .....	Page 10
Resolution 7-17	Designating Custodian of Records .....	Page 11
Resolution 8-17	Designating Official Newspapers .....	Page 12
Resolution 9-17	Establishing Cash Management Plan .....	Pages 13-16
Resolution 10-17	Plan of Risk Management for 2017 .....	Appendix II

The 2017 Risk Management Plan is attached in Appendix II of the agenda. The changes are highlighted in yellow. The pertinent changes in the plan are under the Property Deductible and are noted on page 9 of the Plan, the vacant properties deductible is \$250,000 and the pollution liability coverage noted on page 11.

**❑ Motion to approve Reorganization Resolutions Number 1-17 through 10-17**

- ❑ 2015 Audit Report as of December 31, 2015 (Pages 17-19)** - At the December meeting Jim Miles of Bowman & Company, LLP presented the draft 2015 Audit. There have been no changes since that report. The final copy of the audit will be distributed at the meeting. We will be seeking approval of the 2015 Audit from the Commissioners at the meeting. Included in the agenda on pages 17-19 is Resolution 11-17, Certification of Annual Audit Report for the Period ending December 31, 2015 along with the Group Affidavit Form.

**❑ Motion to approve Resolution 11-17 Certification of Annual Audit Report for Period Ending December 31, 2015**

- ❑ 2017 MCIFC Meeting Dates (Pages 20-21)** – Attached on page 20 is a copy of the 2017 Annual Meeting Schedule which was presented at the December meeting. If the

Commissioners agree with meeting schedule, attached on page 21 is Resolution 12-17 adopting the meeting dates for 2017.

**❑ Motion to adopt Resolution 12-17, Fixing Public Meeting dates for the year 2017**

- ❑ Employee Dishonesty Coverage Renewal** – The Employee Dishonesty Coverage policy with Selective Insurance Company renewed on January 1, 2017. The policy covers the positions of Executive Director, Third Party Administrator and the Treasurer. The annual premium is as expiring, \$2,342. The limit per loss is \$1,000,000 with a \$10,000 deductible. The cost for this coverage will be paid out of the miscellaneous and contingency budget line.

**❑ Motion to approve expenditure for Employee Dishonesty Coverage in the amount of \$2,342**

- ❑ Certificate of Insurance Request** – There were no requests for any 2016 certificate of insurances for the period of 12/16/16 to 12/31/16. The 2017 renewal certificates have been issued and a summary report will appear in the next agenda.
- ❑ NJ Excess Counties Insurance Fund (CELJIF)** - The CEL 2017 Reorganization meeting is scheduled for February 23, 2017 at 1:00 PM at the Camden County College Regional Emergency Training Center.
- ❑ MCIFC Property & Casualty Financial Fast Track (Page 22)** – Included in the agenda on page 22 is a copy of the Financial Fast Track as of **November 30, 2016**. The report indicates the Commission has a surplus of \$4,619,404. Line 10 of the report “Investment in Joint Venture” is Mercer County Insurance Fund Commission’s share of equity in the CEL. MCIFC’s equity in the CEL as of November 30, 2016 is **\$674,305**. The total cash balance is **\$697,242**.
- ❑ NJ CEL Property and Casualty Financial Fast Track (Page 23)** – Included in the agenda on page 23 is a copy of the CEL Financial Fast Track for the month of November. As of **November 30, 2016** the Fund has a surplus of **\$7,793,256**. The cash balance is **\$19,997,092**.
- ❑ Professional Service Contracts** – Due to a technicality the RFQ’s for the Executive Director, Third Party Administrator, Risk Manager Consultant and Safety Director will be reissued by the County shortly. The professional service vendors have agreed to a month to month agreement until the process is completed and contracts are awarded.
- ❑ Potential New Membership** – The Chairman has had preliminary discussions with the Mercer County Vo-Tech and Special Services School Districts about consideration for membership in MCIFC effective 7/1/17. Conner Strong & Buckelew will schedule a meeting with decision makers to kick off the start of the underwriting and proposal processes.

**RESOLUTION NO. 1-17**

**MERCER COUNTY INSURANCE FUND COMMISSION**

**CERTIFYING THE ELECTION OF  
CHAIRPERSON AND VICE CHAIRPERSON**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**BE IT RESOLVED** by the MERCER COUNTY INSURANCE FUND COMMISSION that the following persons have been elected as Chairperson and Vice-Chairperson:

<u>Andrew A. Mair</u>	Chairman
<u>K. Megan Clark Hughes</u>	Vice Chair
<u>Raissa Walker</u>	Commissioner
<u>Lillian Nazzaro</u>	Alternate

**BE IT FURTHER RESOLVED**, that the Chairman and Vice Chairman shall serve for a one year term through 2018 reorganization of the Commission and until their successors shall be elected and qualified

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

**RESOLUTION NO. 2-17**

**MERCER COUNTY INSURANCE FUND COMMISSION APPOINTING A  
COMMISSIONER TO THE NEW JERSEY COUNTIES EXCESS JOINT INSURANCE  
FUND FOR FUND YEAR 2017**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the New Jersey Counties Excess Joint Insurance Fund (hereinafter the Fund) is duly constituted as a joint insurance fund; and

**WHEREAS**, the Fund by-laws require each member Insurance Fund Commission to appoint one (1) commissioner to the Fund; and

**WHEREAS**, Andrew A. Mair is an employee of the Commission and the Commission having deemed it appropriate to designate **Andrew A. Mair** as commissioner to the Fund; and

**NOW THEREFORE BE IT RESOLVED** by the Commissioners of said Commission Andrew A. Mair is designated commissioner to the New Jersey Counties Excess Joint Insurance Fund for the Fund year 2017.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

**RESOLUTION NO. 3-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
DESIGNATING COMMISSION TREASURER**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the MCIFC requires the services of a Treasurer, and

**WHEREAS**, David Miller has demonstrated the skill and possesses the qualifications to perform the duties of Treasurer for the County Insurance Commission;

**WHEREAS**, the Commission authorizes the appointment of **David Miller** as MCIFC Treasurer for the term commencing upon adoption of the within resolution through 2018 MCIFC Reorganization; and

**BE IT FURTHER RESOLVED** that David Miller shall receive no compensation to serve as Treasurer to the MCIFC.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**



**RESOLUTION NO. 4-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
DESIGNATING COMMISSION ATTORNEY**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the MCIFC requires the services of an Attorney, and

**WHEREAS**, Arthur R. Sypek, Jr. has demonstrated the skill and possesses the qualifications to perform the duties of Commission Attorney for the Insurance Fund Commission;

**WHEREAS**, the Commission authorizes the appointment of **Arthur R. Sypek, Jr.** as MCIFC Attorney for the term commencing upon adoption of the within resolution through 2018 MCIFC Reorganization; and

**BE IT FURTHER RESOLVED** that Arthur R. Sypek, Jr. shall receive no compensation to serve as Commission Attorney to the MCIFC.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

**RESOLUTION NO. 5-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
DESIGNATING AUTHORIZED DEPOSITORIES FOR FUND ASSETS**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**BE IT RESOLVED** that TD Bank is hereby designated as the depository for assets of the Fund or any other Bank with a location in Mercer County subject to the Governmental Unit Deposit Protection Act, “GUDPA”.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

**RESOLUTION NO. 6-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
DESIGNATING AUTHORIZED SIGNATURES FOR COMMISSION BANK ACCOUNTS**

**BE IT RESOLVED** by the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter the Commission) that all funds of the Commission shall be withdrawn from the official named depositories by check, which shall bear the signatures of at least two (2) of the following persons who are duly authorized pursuant to this resolution, except for those checks in the amount of \$100,000 or more and in that instance at least three signatures shall be required; and

**BE IT FURTHER RESOLVED** that the funds in the amount of \$2,500 or less, withdrawn from the official named depositories by check prepared by the Commission's Claims Administrator for the purposes of satisfying workers compensation claims, such checks shall bear the signature of at least one (1) of the following persons who are duly authorized pursuant to this resolution.

<u>Andrew A. Mair</u>	Chairman
<u>K. Megan Clark Hughes</u>	Vice Chair
<u>Raissa Walker</u>	Commissioner
<u>David Miller</u>	Treasurer

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

**RESOLUTION NO. 7-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
APPOINTING AGENT FOR SERVICE OF PROCESS AND CUSTODIAN OF RECORDS  
FOR THE COMMISSION  
FOR THE YEAR 2017**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the MCIFC has deemed it necessary and appropriate to formally organize for the 2017 commission year; and

**NOW THEREFORE** be it resolved by the MERCER COUNTY INSURANCE FUND COMMISSION that **PERMA Risk Management Services** is hereby appointed as agent for service of process upon the MCIFC, at its office located at 9 Campus Drive, Suite 216, Parsippany, NJ 07054 for the year 2017 or until its successor has been appointed and qualified. Said appointment shall be at no cost to the MCIFC.

**BE IT FURTHER RESOLVED** that PERMA Risk Management Services shall also be the Custodian of Records at no cost to the MCIFC.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

**RESOLUTION NO. 8-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
DESIGNATING OFFICIAL NEWSPAPERS FOR THE COMMISSION**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the MCIFC has deemed it necessary and appropriate to formally organize for the 2017 commission year; and

**BE IT RESOLVED** by the MERCER COUNTY INSURANCE FUND COMMISSION, (hereinafter the MCIFC) the Trenton Times, the Trentonian, and the Princeton Packet are hereby designated as the official newspapers for the Commission and all official notices required to be published shall be published in all newspapers.

**BE IT FURTHER RESOLVED** that the designation of official newspapers shall be effective upon adoption of the within resolution for the term of one year through the 2018 re-organization of the MCIFC.

**BE IT FURTHER RESOLVED** that in the case of special meetings or emergency meetings, the Executive Director of the MCIFC shall give notice of said meetings to the Trenton Times, the Trentonian, and the Princeton Packet.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

**RESOLUTION NO. 9-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
ESTABLISHING CASH MANAGEMENT PLAN**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Fund Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**BE IT RESOLVED** that the attached Cash and Investment Management Plan, is hereby adopted.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

**BY:** \_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

\_\_\_\_\_  
**DATE**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

\_\_\_\_\_  
**DATE**

## MERCER COUNTY INSURANCE FUND COMMISSION

### 2017 CASH MANAGEMENT AND INVESTMENT POLICY

#### 1.) **Cash Management and Investment Objectives**

The MERCER COUNTY INSURANCE FUND COMMISSION's (hereinafter referred to as the Commission) objectives in this area are:

- a.) Preservation of capital.
- b.) Adequate safekeeping of assets.
- c.) Maintenance of liquidity to meet operating needs, claims settlements and dividends.
- d.) Diversification of the Commission's portfolio to minimize risks associated with individual investments.
- e.) Maximization of total return, consistent with risk levels specified herein.
- f.) Investment of assets in accordance with State and Federal Laws and Regulations.
- g.) Accurate and timely reporting of interest earnings, gains and losses by line of coverage in each Commission year.
- h.) Where legally permissible, cooperation with other local municipal joint insurance funds/commissions, and the New Jersey Division of Investment in the planning and execution of investments in order to achieve economies of scale.
- i.) Stability in the value of the Commission's economic surplus.

#### 2.) **Permissible Investments**

Investments shall be limited to the following:

- a.) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- b.) Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- c.) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; or
- d.) Bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Investment of the Department of Treasury for investment by local units.
- e.) Debt obligations of federal agencies or government corporations with maturities not greater than five (5) years from the date of purchase, excluding mortgage backed obligations, providing that such investments are purchased through the New Jersey Division of Investment and are consistent the Division's own investment guidelines, and providing that

the investment a fixed rate of interest not dependent on any index or external factors.

- f.) Repurchase agreements of fully collateralized securities, subject to rules and conditions established by the N.J. Department of Community Affairs.

No investment or deposit shall have a maturity longer than five (5) years from date of purchase.

3.) **Authorized Depositories**

In addition to the above, the Commission is authorized to deposit funds in certificates of deposit and other time deposits in banks covered by the Governmental Unit Depository Protection Act, NJSA 17:9-14 et seq. (GUDPA). The designated Bank must have a branch in Mercer County.

The Commission is also authorized to invest its assets in the New Jersey Cash Management Fund.

4.) **Authority for Investment Management**

The Treasurer is authorized and directed to make investments, with a maturity of three months or longer, through asset managers that may be selected by the Executive Committee. Such asset managers shall be discretionary trustees of the COMMISSION.

Their actions and decisions shall be consistent with this plan and all appropriate regulatory constraints.

In executing investments, asset managers shall minimize transaction costs by querying prices from at least three (3) dealers and purchasing securities on a competitive basis. When possible, federal securities shall be purchased directly from the US Treasury. Transactions shall not be processed through brokerages, which are organizationally affiliated with the asset manager. Transactions may also be processed through the New Jersey Division of Investment by the Commission's asset managers.

5.) **Preservation of Capital**

Securities shall be purchased with the ability to hold until maturity.

6.) **Safekeeping**

Securities purchased on behalf of the Commission shall be delivered electronically or physically to the Commission's custodial bank, which shall maintain custodial and/or safekeeping accounts for such securities on behalf of the Commission.



7.) **Audit**

This plan, and all matters pertaining to the implementation of it, shall be subject to the Commission's annual audit.

8.) **Cash Flow Projections**

Asset maturity decisions shall be guided by cash flow factors payout factors supplied by the Commission Actuary and reviewed by the Executive Director and the Treasurer.

9.) **Cash Management**

All moneys turned over to the Treasurer shall be deposited within forty-eight (48) hours in accordance with NJSA 40A:5-15.

In the event a check is made payable to the Treasurer rather than the Commission, the following procedure is to be followed:

- a.) The Treasurer endorses the check to the Commission and deposits it into the Commission account.
- b.) The Treasurer notifies the payer and requests that in the future any check be made payable to the Commission.

The Treasurer shall minimize the possibility of idle cash accumulating in accounts by assuring that all amounts in excess of negotiated compensating balances are kept in interest bearing accounts or promptly swept into the investment portfolio.

The method of calculating banking fees and compensating balances shall be documented to the Executive Committee by the Treasurer at least annually.

Cash may be withdrawn from investment pools under the discretion of asset managers only to Commission operations, claims imprest accounts, or approved dividend payments.

The Treasurer shall escheat to the State of New Jersey checks, which remain outstanding for twelve or more months after the date of issuance. However, prior to implementing such procedures, the Treasurer, with the assistance of the claims agent, as needed, shall confirm that the outstanding check continues to represent a valid claim against the Commission.

**RESOLUTION NO. 11-17**

**Resolution of Certification  
Annual Audit Report for Period Ending December 31, 2015**

**WHEREAS**, N.J.S.A. 40A:5-4 requires the governing body of every local unit to have made an annual audit of its books, accounts and financial transactions, and

**WHEREAS**, the Annual Report of Audit for the year 2015 has been filed by the appointed Fund Auditor with the Secretary of the Fund as per the requirements of N.J.S.A. 40A:5-6 and N.J.S.A. 40A:10-36, and a copy has been received by each member of the BOARD OF COMMISSIONERS, and

**WHEREAS**, the Local Finance Board of the State of New Jersey is authorized to prescribe reports pertaining to the local fiscal affairs, as per R.S. 52:27BB-34, and

**WHEREAS**, the Local Finance Board has promulgated a regulation requiring that the BOARD OF FUND COMMISSIONERS of the Fund shall, by resolution, certify to the Local Finance Board of the State of New Jersey that all members of the BOARD OF COMMISSIONERS have reviewed, as a minimum, the sections of the annual audit entitled:

General Comments  
and  
Recommendations

and

**WHEREAS**, the members of the BOARD OF COMMISSIONERS have personally reviewed, as a minimum, the Annual Report of Audit, and specifically the sections of the Annual Audit entitled:

General Comments  
and  
Recommendations

as evidenced by the group affidavit form of the BOARD OF COMMISSIONERS.

**WHEREAS**, such resolution of certification shall be adopted by the BOARD OF COMMISSIONERS no later than forty-five days after the receipt of the annual audit, as per the regulations of the Local Finance Board, and

**WHEREAS**, all members of the BOARD OF COMMISSIONERS have received and have familiarized themselves with, at least, the minimum requirements of the Local Finance Board of the State of New Jersey, as stated aforesaid and have subscribed to the affidavit, as provided by the Local Finance Board, and

**WHEREAS**, failure to comply with the promulgations of the Local Finance Board of the State of New Jersey may subject the members of the BOARD OF COMMISSIONERS to the penalty provisions of R.S. 52:27BB-52 - to wit:

R.S. 52:27BB-52 - "A local officer or member of a local governing body who, after a date fixed for compliance, fails or refuses to obey an order of the director (Director of Local Government Services), under the provisions of this Article, shall be guilty of a misdemeanor and, upon conviction, may be fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than one year, or both, in addition shall forfeit his office."

**NOW, THEREFORE, BE IT RESOLVED**, that the BOARD OF COMMISSIONERS of the Mercer County Insurance Fund Commission hereby states that it has complied with the promulgation of the Local Finance Board of the State of New Jersey, dated July 30, 1968, and does hereby submit a certified copy of this resolution and the required affidavit to said Board to show evidence of said compliance.

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE  
RESOLUTION PASSED AT THE MEETING HELD ON JANUARY 23, 2017

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Andrew A. Mair, Chairman

**GROUP AFFIDAVIT FORM**  
**CERTIFICATION OF BOARD OF FUND COMMISSIONERS**

**of the**

**MERCER COUNTY INSURANCE FUND COMMISSION**

We members of the BOARD OF COMMISSIONERS of the Mercer County Insurance Fund Commission, of full age, being duly sworn according to law, upon our oath depose and say:

1.) We are duly elected members of the BOARD OF COMMISSIONERS of the Mercer County Insurance Fund Commission.

2.) In the performance of our duties, and pursuant to the Local Finance Board Regulation, we have familiarized ourselves with the contents of the Annual Fund Audit filed with the Secretary of the Fund pursuant to N.J.S.A. 40A:5-6 and N.J.S.A. 40A:10-36 for the year 2014.

3.) We certify that we have personally reviewed and are familiar with, as a minimum, the sections of the Annual Report of Audit entitled:

**GENERAL COMMENTS – RECOMMENDATIONS**

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(L.S.) Andrew A. Mair

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(L.S.) Raissa Walker

---

(L.S.)

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**K. MEGAN CLAK HUGHES**

Vice Chair

The Secretary of the Fund shall set forth the reason for the absence of signature of any members of the BOARD OF COMMISSIONERS.

**Important:** This certificate must be sent to the Division of Local Government Services, CN 803, Trenton, NJ 08625

**MERCER COUNTY INSURANCE FUND COMMISSION**  
**9 CAMPUS DRIVE, SUITE 216**  
**PARSIPPANY, NJ 07054**

TO: Members of the Commission

**2017 ANNUAL MEETING NOTICE**

Pursuant to Chapter 231, Laws of 1975, known as the Open Public Meeting Acts, the following have been designated as meeting dates of the Mercer County Insurance Fund Commission at which the business of said Commission may be formally discussed, decided or acted upon.

<u>TIME</u>	<u>DATE</u>	<u>LOCATION</u>	<u>PURPOSE</u>
10:30 AM	January 23, 2017	County of Mercer 640 South Broad Street, Room 211 Trenton, NJ 08650-0068	Reorganization Meeting
10:30 AM	February 27, 2017	“	Regular Meeting
10:30 AM	March 27, 2017	“	Regular Meeting
10:30 AM	April 24, 2017	“	Regular Meeting
10:30 AM	May 22, 2017	“	Regular Meeting
10:30 AM	June 26, 2017	“	Regular Meeting
10:30 AM	July 24, 2017	“	Regular Meeting
10:30 AM	September 25, 2017	“	Regular Meeting
10:30 AM	October 23, 2017	“	Regular Meeting
10:30 AM	November 27, 2017	“	Regular Meeting
10:30 AM	December 20, 2017	“	Regular Meeting

In addition such other meetings as may be required shall be scheduled and held, but pursuant to and with such additional notice as may be required by statute.

**By: PERMA Risk Management Services**  
**Administrator**

**MERCER COUNTY INSURANCE FUND COMMISSION**

**RESOLUTION NO. 12-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
2017 REGULAR MEETINGS SCHEDULE**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the Open Public Meetings Act of the State of New Jersey, N.J.S.A.10:4-6 et seq. requires public bodies to adopt an annual schedule of regular meetings and to furnish the public with notice of said schedule in a manner more specifically said forth in said Act; and

**NOW THEREFORE BE IT RESOLVED** by the Commissioners of said MERCER County Insurance Fund Commission as follows:

1. The schedule of regular meetings of the MCIFC for the year 2017 annexed hereto and made a part hereof be and is hereby adopted;
2. Copies of said annual schedule of regular meetings shall be posted and shall continue to be posted throughout the year on the bulletin board in the vestibule of the Administration Building Trenton, New Jersey;
3. Copies of said annual schedule of regular meetings shall be provided to The Trentonian, Trenton Times and the Princeton Packet newspapers for publication;
4. A copy of said annual schedule of regular meetings shall be filed with the MERCER County Clerk.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

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**ANDREW A. MAIR, CHAIRMAN**

**ATTEST:**

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MERCER COUNTY INSURANCE COMMISSION						
FINANCIAL FAST TRACK REPORT						
AS OF November 30, 2016						
ALL YEARS COMBINED						
			THIS MONTH	YTD CHANGE	PRIOR YEAR END	FUND BALANCE
1.	UNDERWRITING INCOME		662,621	7,288,835	15,321,408	22,610,243
2.	CLAIM EXPENSES					
		Paid Claims	164,914	1,992,746	2,337,196	4,329,942
		Case Reserves	(305,282)	578,370	2,201,600	2,779,970
		IBNR	296,295	1,237,990	1,995,683	3,233,673
		Discounted Claim Value	(2,282)	(68,472)	(109,981)	(178,452)
	TOTAL CLAIMS		153,645	3,740,635	6,424,499	10,165,133
3.	EXPENSES					
		Excess Premiums	198,519	2,183,708	4,688,141	6,871,849
		Administrative	48,029	530,917	1,097,244	1,628,162
	TOTAL EXPENSES		246,548	2,714,625	5,785,385	8,500,010
4.	UNDERWRITING PROFIT (1-2-3)		262,428	833,575	3,111,525	3,945,099
5.	INVESTMENT INCOME		0	0	0	0
6.	PROFIT (4 + 5)		262,428	833,575	3,111,525	3,945,099
7.	CEL APPROPRIATION CANCELLATION		0	0	0	0
8.	DIVIDEND INCOME		0	0	0	0
9.	DIVIDEND EXPENSE		0	0	0	0
10.	INVESTMENT IN JOINT VENTURE		53,592	305,475	368,830	674,305
11.	SURPLUS (6 + 7 + 8)		316,020	1,139,050	3,480,354	4,619,404
SURPLUS (DEFICITS) BY FUND YEAR						
	2014		11,719	346,162	1,863,493	2,209,655
	2015		(9,223)	45,924	1,616,862	1,662,786
	2016		313,524	746,963		746,963
TOTAL SURPLUS (DEFICITS)			316,020	1,139,050	3,480,355	4,619,405
TOTAL CASH						697,242
CLAIM ANALYSIS BY FUND YEAR						
FUND YEAR 2014						
		Paid Claims	20,492	241,964	1,489,439	1,731,403
		Case Reserves	(37,786)	(342,107)	854,019	511,912
		IBNR	15,349	(163,857)	771,021	607,164
		Discounted Claim Value	0	9,617	(43,681)	(34,065)
	TOTAL FY 2014 CLAIMS		(1,945)	(254,383)	3,070,798	2,816,415
FUND YEAR 2015						
		Paid Claims	89,853	721,040	847,757	1,568,797
		Case Reserves	(31,125)	(400,130)	1,347,581	947,451
		IBNR	(45,555)	(393,911)	1,224,662	830,752
		Discounted Claim Value	0	12,593	(66,300)	(53,707)
	TOTAL FY 2015 CLAIMS		13,174	(60,407)	3,353,701	3,293,293
FUND YEAR 2016						
		Paid Claims	54,569	1,029,742		1,029,742
		Case Reserves	(236,372)	1,320,607		1,320,607
		IBNR	326,501	1,795,758		1,795,758
		Discounted Claim Value	(2,282)	(90,681)		(90,681)
	TOTAL FY 2016 CLAIMS		142,416	4,055,425	0	4,055,425
COMBINED TOTAL CLAIMS			153,645	3,740,635	6,424,499	10,165,133

This report is based upon information which has not been audited nor certified by an actuary and as such may not truly represent the condition of the fund.

NEW JERSEY COUNTIES EXCESS JIF					
FINANCIAL FAST TRACK REPORT					
AS OF November 30, 2016					
ALL YEARS COMBINED					
		THIS	YTD	PRIOR	FUND
		MONTH	CHANGE	YEAR END	BALANCE
1.	UNDERWRITING INCOME	1,774,241	19,506,655	76,187,004	95,693,659
2.	CLAIM EXPENSES				
	Paid Claims	164,790	1,619,726	1,089,974	2,709,700
	Case Reserves	74,183	218,521	2,413,317	2,631,837
	IBNR	(133,668)	490,540	9,188,910	9,679,450
	Discounted Claim Value	(8,363)	(87,549)	(651,074)	(738,622)
	TOTAL CLAIMS	96,943	2,241,237	12,041,128	14,282,365
3.	EXPENSES				
	Excess Premiums	1,256,275	13,816,041	52,056,606	65,872,648
	Administrative	109,526	1,410,559	5,652,271	7,062,830
	TOTAL EXPENSES	1,365,801	15,226,600	57,708,877	72,935,478
4.	UNDERWRITING PROFIT (1-2-3)	311,498	2,038,817	6,436,999	8,475,816
5.	INVESTMENT INCOME	4,142	40,266	184,725	224,991
6.	PROFIT (4+5)	315,639	2,079,084	6,621,724	8,700,807
7.	Dividend	150,000	150,000	150,000	300,000
8.	Cancelled Appropriations	0	0	607,551	607,551
9.	SURPLUS (6-7-8)	165,639	1,929,084	5,864,173	7,793,256
SURPLUS (DEFICITS) BY FUND YEAR					
	2010	(83,512)	(39,547)	642,182	602,635
	2011	(62,975)	(251,951)	1,149,228	897,276
	2012	(25,736)	263,332	477,778	741,111
	2013	(22,709)	(83,104)	1,259,797	1,176,692
	2014	60,333	566,506	1,417,746	1,984,252
	2015	26,048	(95,498)	917,441	821,943
	2016	274,190	1,569,346		1,569,346
	TOTAL SURPLUS (DEFICITS)	165,639	1,929,084	5,864,172	7,793,255
	TOTAL CASH				19,997,092
CLAIM ANALYSIS BY FUND YEAR					
FUND YEAR 2010					
	Paid Claims	0	901	163,454	164,355
	Case Reserves	0	(0)	1	1
	IBNR	8,719	(35,901)	326,545	290,644
	Discounted Claim Value	0	1,841	(11,008)	(9,167)
	TOTAL FY 2010 CLAIMS	8,719	(33,159)	478,992	445,832
FUND YEAR 2011					
	Paid Claims	157,151	248,385	144,097	392,482
	Case Reserves	(157,151)	145,550	262,007	407,557
	IBNR	(11,650)	(203,935)	623,896	419,961
	Discounted Claim Value	0	(8,954)	(41,637)	(50,591)
	TOTAL FY 2011 CLAIMS	(11,650)	181,046	988,363	1,169,409
FUND YEAR 2012					
	Paid Claims	3,650	613,709	515,889	1,129,597
	Case Reserves	222,751	(422,433)	856,270	433,837
	IBNR	(200,276)	(475,619)	1,120,043	644,424
	Discounted Claim Value	0	25,403	(82,267)	(56,865)
	TOTAL FY 2012 CLAIMS	26,125	(258,941)	2,409,934	2,150,994
FUND YEAR 2013					
	Paid Claims	0	500,452	15,975	516,427
	Case Reserves	0	112,427	511,304	623,730
	IBNR	23,277	(542,878)	1,657,721	1,114,843
	Discounted Claim Value	0	19,898	(110,993)	(91,095)
	TOTAL FY 2013 CLAIMS	23,277	89,898	2,074,007	2,163,905
FUND YEAR 2014					
	Paid Claims	3,926	144,097	120,096	264,193
	Case Reserves	8,637	(167,460)	313,106	145,646
	IBNR	(72,142)	(586,638)	2,411,798	1,825,160
	Discounted Claim Value	0	51,879	(164,745)	(112,866)
	TOTAL FY 2014 CLAIMS	(59,579)	(558,121)	2,680,255	2,122,134
FUND YEAR 2015					
	Paid Claims	62	112,182	130,464	242,646
	Case Reserves	(60)	550,367	470,629	1,020,997
	IBNR	(4,995)	(552,549)	3,048,907	2,496,358
	Discounted Claim Value	0	18,105	(240,424)	(222,319)
	TOTAL FY 2015 CLAIMS	(4,993)	128,105	3,409,576	3,537,681
FUND YEAR 2016					
	Paid Claims	0	0		0
	Case Reserves	7	70		70
	IBNR	123,399	2,888,060		2,888,060
	Discounted Claim Value	(8,363)	(195,720)		(195,720)
	TOTAL FY 2016 CLAIMS	115,043	2,692,410	0	2,692,410
	COMBINED TOTAL CLAIMS	96,943	2,241,237	12,041,128	14,282,365

This report is based upon information which has not been audited nor certified by an actuary and as such may not truly represent the condition of the fund.



**MERCER COUNTY INSURANCE FUND COMMISSION  
BILLS LIST**

**Resolution No. 13-17**

**JANUARY 2017**

**WHEREAS**, the Treasurer has certified that funding is available to pay the following bills:

**BE IT RESOLVED** that the Mercer County Insurance Fund Commission, hereby authorizes the Commission Treasurer to issue warrants in payment of the following claims; and

**FURTHER**, that this authorization shall be made a permanent part of the records of the Commission

**FUND YEAR 2016**

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
<b>000275</b>			
000275	PERMA RISK MANAGEMENT SERVICES	POSTAGE FEE 12/2016	2.20
			<b>2.20</b>
TOTAL PAYMENTS FY 2016			2.20

**FUND YEAR 2017**

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
<b>000276</b>			
000276	BORDEN PERLMAN SALISBURY&KELLY	INSURANCE CONSULTING FEE 01/2017	5,000.00
			<b>5,000.00</b>
<b>000277</b>			
000277	PERMA RISK MANAGEMENT SERVICES	EXECUTIVIE DIRECTOR FEE 01/2017	13,096.87
			<b>13,096.87</b>
<b>000278</b>			
000278	THE ACTUARIAL ADVANTAGE	ACTUARIAL SERVICES FEE 01/2017	625.00
			<b>625.00</b>
<b>000279</b>			
000279	INSERVCO INSURANCE SERVICES	MONTHLY CLAIMS SERVICES FEE 01/2017	16,666.66
			<b>16,666.66</b>
<b>000280</b>			
000280	CONNER STRONG & BUCKELEW	POLICY #B6023689 - 2017	2,342.00
			<b>2,342.00</b>
<b>000281</b>			
000281	J.A. MONTGOMERY RISK CONTROL	RISK CONTROL SERVICES - 01/2017	10,055.00
			<b>10,055.00</b>
TOTAL PAYMENTS FY 2017			47,785.53

**TOTAL PAYMENTS ALL FUND YEARS \$ 47,787.73**

\_\_\_\_\_  
Chairperson

Attest:

Dated:\_\_\_\_\_

I hereby certify the availability of sufficient unencumbered funds in the proper accounts to fully pay the above claims.

\_\_\_\_\_  
Treasurer

MERCER COUNTY INSURANCE COMMISSION							
SUMMARY OF CASH TRANSACTIONS - ALL FUND YEARS COMBINED							
Current Fund Year: 2016 Month Ending: November							
	Property	Liability	Auto	Worker's Comp	NJ CEL	Admin	TOTAL
OPEN BALANCE	32,709.66	209,989.93	195,207.58	3,814,377.71	(2,966,460.37)	(545,508.45)	740,316.06
RECEIPTS							
Assessments	1,765.25	3,410.54	2,879.25	97,380.31	53,334.66	12,613.86	171,383.87
Refunds	0.00	0.00	0.00	2,615.20	0.00	0.00	2,615.20
Invest Pymnts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Invest Adj	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Invest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other *	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	1,765.25	3,410.54	2,879.25	99,995.51	53,334.66	12,613.86	173,999.07
EXPENSES							
Claims Transfers	(10,170.00)	0.00	0.00	177,699.46	0.00	0.00	167,529.46
Expenses	0.00	0.00	0.00	0.00	0.00	49,468.89	49,468.89
Other *	0.00	0.00	0.00	0.00	0.00	75.00	75.00
TOTAL	(10,170.00)	0.00	0.00	177,699.46	0.00	49,543.89	217,073.35
END BALANCE	44,644.91	213,400.47	198,086.83	3,736,673.76	(2,913,125.71)	(582,438.48)	697,241.78

SUMMARY OF CASH AND INVESTMENT INSTRUMENTS			
MERCER COUNTY INSURANCE COMMISSION			
ALL FUND YEARS COMBINED			
CURRENT MONTH	November		
CURRENT FUND YEAR	2016		
Description:		MCIFC General A/C	MCIFC Claims A/C
ID Number:			
Maturity (Yrs)			
Purchase Yield:			
TOTAL for All Accts & instruments			
Opening Cash & Investment Balance	\$740,316.06	841,497.26	- 101,181.20
Opening Interest Accrual Balance	\$0.00	-	-
1 Interest Accrued and/or Interest Cost	\$0.00	\$0.00	\$0.00
2 Interest Accrued - discounted Instr.s	\$0.00	\$0.00	\$0.00
3 (Amortization and/or Interest Cost)	\$0.00	\$0.00	\$0.00
4 Accretion	\$0.00	\$0.00	\$0.00
5 Interest Paid - Cash Instr.s	\$0.00	\$0.00	\$0.00
6 Interest Paid - Term Instr.s	\$0.00	\$0.00	\$0.00
7 Realized Gain (Loss)	\$0.00	\$0.00	\$0.00
8 Net Investment Income	\$0.00	\$0.00	\$0.00
9 Deposits - Purchases	\$173,999.07	\$49,468.89	\$124,530.18
10 (Withdrawals - Sales)	-\$217,073.35	-\$49,483.89	-\$167,589.46
Ending Cash & Investment Balance	\$697,241.78	\$841,482.26	-\$144,240.48
Ending Interest Accrual Balance	\$0.00	\$0.00	\$0.00
Plus Outstanding Checks	\$293,917.01	\$49,411.76	\$244,505.25
(Less Deposits in Transit)	\$0.00	\$0.00	\$0.00
Balance per Bank	\$991,158.79	\$890,894.02	\$100,264.77

**RESOLUTION NO. 14-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
AUTHORIZING DISCLOSURE OF LIABILITY CLAIMS CHECK REGISTER**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter "MCIFC") is duly constituted as an Insurance Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the MCIFC is subject to the requirements of the Open Public Meetings Act, N.J.S.A. 10:4-6 et seq.; and

**WHEREAS**, the Open Public Meetings Act requires all meetings of public bodies be open to the public; and

**WHEREAS**, the Open Public Meetings Act further provides a public body may permissibly exclude the public from a portion of a meeting at which the public body discusses items per the Open Public Meetings Act at N.J.S.A. 10:4-12.b.(1) thru (9) recognized as requiring confidentiality, and

**WHEREAS**, it is necessary and appropriate for the MCIFC to discuss certain matters in a meeting not open to the public consistent with N.J.S.A. 10:4-12.b.(7); and

**WHEREAS**, the MCIFC is a public agency which must comply with the Open Public Records Act (OPRA) N.J.S.A. 47: 1A-1 to -13; and

**WHEREAS**, the MCIFC must comply with OPRA and reported New Jersey Case Law interpreting same; and

**WHEREAS**, the MCIFC did hold a closed session from which the public was excluded on January 23, 2017 at which time certain items were discussed as were referenced in a separate resolution authorizing said closed session and it being determined certain liability & property claim payment information can be made public at this time; and

**NOW THEREFORE BE IT RESOLVED** by the Commissioners of said MERCER County Insurance Fund Commission pursuant to both the Open Public Meetings Act and the Open Public Records Act as follows:

The attached financial transaction logs generated by third party administrator Inservco Insurances Inc. for the period December 1, 2016 to December 31, 2016 and related to all non-workers compensation payments are hereby approved for distribution to the listed claimants and for disclosure to the general public

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTD:**

\_\_\_\_\_  
**ANDREW A. MAIR, CHAIRMAN**

\_\_\_\_\_  
**DATE**

**ATTEST:**

\_\_\_\_\_  
**K. MEGAN CLARK HUGHES, VICE CHAIR**

\_\_\_\_\_  
**DATE**

**Mercer County Ins Fund Comm - 396**  
**Financial Transaction Log - Liability Claim Payments**  
**Monthly / Detail / By Coverage / By Payment Type / By Check Number**  
**12/01/2016 Thru 12/31/2016**

Type	Check #	Claim #	Claimant Name	From Date	To Date	Payee Name	Trans. Date	Payment Description	Amt. Requested	Amt. Paid
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*Inservco Report Terminology*

Reporting Name	Business Name	Business Description
Amount/Amt Paid	Amount Paid	Amount actually paid or received
Amount/Amt Requested	Amount Requested	Amount requested to be paid
As Of Date/To Date	Report End Date	Ending date of transactions on report; usually month end
Payment Type	Type	Types of transactions—Computer, Manual, Refund, Recovery, Stop Pay, Void
Report Begin Date	Report Begin Date	Beginning date of transactions on report; usually beginning of month or inception
Trans Date	Transaction Date	Issue date for computer issued payments and add date for all other type entries

**Mercer County Ins Fund Comm - 396**  
**Financial Transaction Log - Liability Claim Payments**  
**Monthly / Detail / By Coverage / By Payment Type / By Check Number**  
**12/01/2016 Thru 12/31/2016**

Type	Check #	Claim #	Claimant Name	From Date	To Date	Payee Name	Trans. Date	Payment Description	Amnt. Requested	Amnt. Paid
Coverage: Auto Physical Damage										
C	10855	3960001457	001	COUNTY OF MERCER	12/8/2016	12/8/2016	GEORGE OLMEZER APPRAISAL	12/27/2016	Invoice GO170858	99.00
Total for Coverage: Auto Physical Damage									Number of entries: 1	99.00
Coverage: General Liability										
C	10858	3960000968	001	D'AMOUR, KEVIN	10/29/2015	10/29/2015	KEVIN D'AMOUR	12/27/2016	Full & Final Settlement of All Claims	12,000.00
Total for Coverage: General Liability									Number of entries: 1	12,000.00
Total for Mercer County Ins Fund Comm - 396									Number of entries: 2	12,099.00



**First Managed Care Option, Inc.**

**First MCO Bill Review Services**

**MERCER CO INS COMM**

**Medical Savings by Month**

**NJ**

Month of Reprice Service	Provider Billed Amount	First MCO Repriced	U & C / Fee Schedule	Savings	% of Savings	# of Bills	In Network	Out Of Network	% PPO Penetration	# of Appeals	FMCO Fee	Net Savings
<b>Total 2014</b>	<b>\$822,559</b>	<b>\$509,923</b>	<b>\$814,817</b>	<b>\$312,636</b>	<b>38%</b>	<b>752</b>	<b>618</b>	<b>134</b>	<b>82%</b>	<b>6</b>	<b>\$61,563</b>	<b>\$251,073</b>
<b>Total 2015</b>	<b>\$718,860</b>	<b>\$435,127</b>	<b>\$706,183</b>	<b>\$283,733</b>	<b>39%</b>	<b>695</b>	<b>558</b>	<b>137</b>	<b>80%</b>	<b>18</b>	<b>\$56,661</b>	<b>\$227,072</b>
Jan-16	\$155,061	\$83,394	\$153,004	\$71,667	46%	81	56	25	69%	2	\$14,333	\$57,333
Feb-16	\$88,857	\$55,542	\$86,730	\$33,315	37%	131	118	13	90%	0	\$6,566	\$26,749
Mar-16	\$139,873	\$78,468	\$136,744	\$61,405	44%	206	192	14	93%	0	\$12,281	\$49,124
Apr-16	\$353,592	\$124,022	\$362,479	\$229,569	65%	122	104	18	85%	2	\$45,914	\$183,655
May-16	\$88,712	\$47,169	\$120,288	\$41,544	47%	100	87	13	87%	3	\$8,309	\$33,235
Jun-16	\$109,995	\$65,537	\$130,827	\$44,458	40%	156	148	8	95%	3	\$8,733	\$35,725
Jul-16	\$114,062	\$59,351	\$95,261	\$54,710	48%	84	72	12	86%	2	\$10,621	\$44,089
Aug-16	\$86,526	\$53,777	\$131,418	\$32,749	38%	120	112	8	93%	3	\$6,550	\$26,199
Sep-16	\$40,670	\$27,156	\$57,874	\$13,514	33%	92	84	8	91%	0	\$2,699	\$10,815
Oct-16	\$45,376	\$22,827	\$69,576	\$22,550	50%	68	61	7	90%	2	\$4,510	\$18,040
Nov-16	\$56,291	\$29,907	\$52,246	\$26,384	47%	89	84	5	94%	1	\$5,277	\$21,107
Dec-16	\$31,792	\$14,189	\$34,527	\$17,603	55%	62	54	8	87%	0	\$3,521	\$14,082
<b>Total 2016</b>	<b>\$1,310,806</b>	<b>\$661,339</b>	<b>\$1,430,976</b>	<b>\$649,467</b>	<b>50%</b>	<b>1,311</b>	<b>1,172</b>	<b>139</b>	<b>89%</b>	<b>18</b>	<b>\$129,313</b>	<b>\$520,155</b>
<b>Total to Date</b>	<b>\$2,852,226</b>	<b>\$1,606,389</b>	<b>\$2,951,975</b>	<b>\$1,245,836</b>	<b>44%</b>	<b>2,758</b>	<b>2,348</b>	<b>410</b>	<b>85%</b>	<b>42</b>	<b>\$247,537</b>	<b>\$998,300</b>

Report Run Date:01/03/2017

MCC





## MERCER COUNTY INSURANCE FUND COMMISSION SAFETY DIRECTOR'S REPORT

**TO:** Fund Commissioners  
**FROM:** J.A. Montgomery Risk Control, Safety Director  
**DATE:** January 13, 2017

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### December - January 2017 RISK CONTROL ACTIVITIES

David McHale, Public Sector Director <a href="mailto:dmchale@jamontgomery.com">dmchale@jamontgomery.com</a> Office: 732-736-5213 Cell: 732-673-4802	Glenn Prince, Associate Public Sector Director <a href="mailto:gprince@jamontgomery.com">gprince@jamontgomery.com</a> Office: 856-552-4744 Cell: 609-238-3949	Natalie Dougherty, Executive Assistant <a href="mailto:ndougherty@jamontgomery.com">ndougherty@jamontgomery.com</a> Office: 856-552-4738
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#### **MEETINGS ATTENDED / LOSS CONTROL VISITS CONDUCTED**

- **December 19:** Attended the MCIFC meeting in Trenton.
- **December 19:** Attended the MCIFC Claims Committee meeting in Trenton.
- **December 21:** Attended the MCIFC Accident Review Panel meeting in Trenton.
- **January 11:** Conducted an Accident Investigation for the County Library.

#### **UPCOMING MEETINGS / LOSS CONTROL VISITS PLANNED**

- **January 18:** Plan to attend the MCIFC DOT Safety Committee meeting in Trenton.
- **January 23:** Plan to attend the MCIFC meeting in Trenton.
- **January 23:** Plan to attend the MCIFC Claims Committee meeting in Trenton.

#### **SAFETY DIRECTOR BULLETINS**

- Best Practices for Snow Emergencies – January 11

### **Best Practices for Snow Emergencies**

The following guidelines are offered as suggestions when planning for emergency operations presented by winter storms. Every storm event is different and needs and resources will vary. This document offers best practices that have been identified by our members regarding hours of operation, rest breaks, and rotating schedules for before, during and after snow events.

Emergency planners are also encouraged to refer to federal and state CDL driving limitations, and other standards or regulations that may apply.

### **Pre-planning issues**

- **Chain of command**
  - Identify who will hold command staff positions. Plan for at least two persons for each command staff position to man the command center around the clock for the first day or two for major snow events.
  - Develop a written snow plan with defined roles and hierarchy.
  - Verify emergency contact information.
- **Staffing**
  - Supplement crews with back ups, including contractors, utilities, fire department and per diem drivers
  - Consider developing a list of retired CDL drivers you might call upon.
  - Consider areas that may require the use of contractors with specialized equipment i.e. cul-de-sacs.
  - Consider having departments clear their own lots if possible; i.e. fire departments and utilities.
- **Shift work planning**
  - Remind workers of need to prepare their homes and families for their absence during the emergency.
- **Plan for rest breaks / sleeping accommodations**
  - Entities may need to encourage drivers to stay at local facilities. Provide sleeping arrangements at fire and EMS stations, or senior centers.
  - Ensure quiet time at these locations.
  - Plan for possible power interruptions at these locations.
- **Plan for Health and Welfare**
  - Consider needs for food and hydration.
  - Educate workers on appropriate winter and protective apparel.
  - Remind workers to pack personal items such as medications, special dietary needs, etc.
  - Remind supervisors and employees that employees on transitional duty may not work beyond their medical restrictions.

### **Operations during storm**

- **Establish priority routes and areas**
  - Clear parking lots and access routes of emergency response agencies (i.e. police, fire, and EMS) first
  - Consider providing sand / salt to use until clearing occurs at facilities

*This bulletin is intended for general information purposes only. It should not be construed as legal advice or legal opinion regarding any specific or factual situation. Always follow your organization's policies and procedures as presented by your manager or supervisor. For further information regarding this bulletin, contact your Safety Director at 877.398.3046.*

- **Communication plans / telephone or radio contact**
  - Establish who will operate as Base (part of incident command structure)
  - Determine who takes calls from residents, both emergency and non-emergency (complaints)
  - Establish liaison with towns or agencies, news agencies, etc.
  - Ensure operators remain in constant contact with base
  - Establish procedures for reporting and responding to accidents / incidents
- **Deteriorating Storm Conditions “When to temporarily halt operations”**
  - Who will make the final call
  - Include the criteria for “temporary halting of operations” in plan, i.e., discontinuing operations until conditions improve, with consultation of major stakeholders,
  - Encourage all who are in the field to report status of conditions for the safety of the entire crew
- **Rest breaks / Fatigue**
  - Inform drivers that they have the personal responsibility to pull themselves from driving if they feel overly fatigued or diminished. Have a procedure on how the driver will report to a supervisor and how to address the situation within employment agreements.
- **Rotations**
  - Incorporate travel distance to work into shift planning. Those who live farthest, home after 12 hours to sleep and return for next shift.

## Post-Storm Operations

- **Return to normal operations**
  - As conditions normalize, transition back to normal 8-hour shifts
  - Consider the impact of fatigue from the extended shifts when transitioning back to normal operations.
  - Inspect, repair and perform routine maintenance on equipment
- **Conduct after-incident debriefing**
  - Review with all stakeholders what worked and what challenges were encountered
  - Update Snow Emergency Plan with lessons learned from the event

### Liability issues – Recommendations to limit liability

- Maintain a record of weather conditions
- Document actions taken, date, time, crews, equipment employed, and materials (salt etc.) used
- Record *all* complaints with date and time received
- Document specific actions taken and time of action in response to complaints
- Take photographs to record weather conditions and incidents
- Preserve newspaper articles on storm severity and clean up activities
- Work with police to have their accident reports supplemented with photographs showing conditions

Snow events are difficult. Proper planning and training can ease the strain on employees, managers, and the community.



**RESOLUTION NO. 15-17**

**MERCER COUNTY INSURANCE FUND COMMISSION  
AUTHORIZING A CLOSED SESSION TO DISCUSS  
PAYMENT AUTHORIZATION REQUESTS (PARS) & SETTLEMENT (SARS)  
RELATED TO PENDING OR ANTICIPATED LITIGATION**

**WHEREAS**, the MERCER COUNTY INSURANCE FUND COMMISSION (hereinafter “MCIFC”) is duly constituted as an Insurance Commission pursuant to N.J.S.A. 40A:10-6 et seq.; and

**WHEREAS**, the MCIFC is subject to the requirements of the Open Public Meetings Act, N.J.S.A. 10:4-6 et seq.; and

**WHEREAS**, the Open Public Meetings Act requires all meetings of public bodies be open to the public; and

**WHEREAS**, the Open Public Meetings Act further provides a public body may permissibly exclude the public from a portion of a meeting at which the public body discusses items per the Open Public Meetings Act at N.J.S.A. 10:4-12.b.(1) thru (9) recognized as requiring confidentiality; and

**WHEREAS**, it is necessary and appropriate for the MCIFC to discuss certain matters in a meeting not open to the public consistent with N.J.S.A. 10:4-12.b.(7); and

**NOW THEREFORE BE IT RESOLVED** by the Commissioners of said MERCER County Insurance Fund Commission pursuant to the Open Public Meetings Act as follows:

The MCIFC shall hold a closed session from which the public shall be excluded on January 23, 2017.

The general nature of the items to be discussed at said closed session shall include the following: the appropriateness of payment of statutorily required workers’ compensation benefits, settlement authority if any or continuing defense of pending or anticipated litigation, discussion of litigation strategy, position the MCIFC will take in said litigation, strengths and weaknesses of MCIFC’s position in said litigation.

The specific litigation is identified by the claim number assigned by Inservco in its capacity as the third-party claims administrator, name of the claimant, date of loss, workers’ compensation petition number and/or court assigned docket number which is set forth in the attached list which list is also appended to the MCIFC monthly meeting agenda for January 23, 2017 which agenda has been timely posted per the Open Public Meetings Act.

The minutes of said closed session shall be made available for disclosure to the public consistent with N.J.S.A. 10:4-13 when the items which are the subject of the closed session discussions are resolved and the reasons for confidentiality as to both the MCIFC and the claimant no longer exist.

**ADOPTED** by THE MERCER COUNTY INSURANCE FUND COMMISSION at a properly noticed meeting held on January 23, 2017.

**ADOPTED:**

<hr/>	<hr/>
<b>ANDREW A. MAIR, CHAIRMAN</b>	<b>DATE</b>

**ATTEST:**

<hr/>	<hr/>
<b>K. MEGAN CLARK HUGHES, VICE CHAIR</b>	<b>DATE</b>

**PAYMENT AUTHORIZIATION REQUESTS**

<b><u>Claim #</u></b>	<b><u>Claimant</u></b>	<b><u>Type of Claim</u></b>	<b><u>PAR/SAR</u></b>	<b><u>C.P or DO #</u></b>
3960000787	Robert Conover	Worker Compensation	PAR	
3960001166	Anthony Kuligoski	Worker Compensation	PAR	
3960001509	Angel Rosario	Worker Compensation	PAR	

# **APPENDIX I**

**MERCER COUNTY INSURANCE FUND COMMISSION  
OPEN MINUTES  
MEETING – DECEMBER 19, 2016  
Mercer County  
McDade Administration Building  
640 South Broad Street  
Trenton, NJ 08650-0068  
10:30AM**

Meeting was called to order by Chairman Mair. Ms. Dodd read the Open Public Meetings notice into record.

**ROLL CALL OF COMMISSIONERS:**

Andrew A. Mair	Present
K. Megan Clark Hughes	Present
Raissa Walker	Present( <i>arrived at 10:50</i> )

**FUND PROFESSIONALS PRESENT:**

Executive Director	PERMA Risk Management Services <b>Joseph Hrubash</b>
Claims Service	Inservco Insurance Services, Inc. <b>Nancy Fowlkes</b> <b>Matthew Baron</b>
	Conner Strong & Buckelew
Managed Care Services	First MCO <b>Diana Cortes</b>
CEL Underwriting Manager	Conner Strong & Buckelew
Risk Management Consultant	Borden Perlman Salisbury & Kelly <b>Doug Borden</b>
Attorney	<b>Arthur Sypek, Jr. Esq.</b> <b>Paul Adezio, Esq.</b>
Treasurer	
Auditor	Bowman & Company, LLP <b>Jim Miles</b>
Safety Director	J.A. Montgomery Risk Control <b>Glenn Prince</b>



**ALSO PRESENT:**

Alma Ortiz, Mercer County Improvement Authority  
Ana-Eliza T. Bauersachs, Esq., Capehart Scatchard, PA  
Susan Schaefer, Susan Schaefer, LLC  
Cathy Dodd, PERMA Risk Management Services

**APPROVAL OF MINUTES: OPEN & CLOSED MINUTES OF NOVEMBER 28, 2016**

**MOTION TO APPROVE THE OPEN & CLOSED MINUTES OF  
NOVEMBER 28, 2016**

Moved:	Chairman Mair
Second:	Commissioner Hughes
Vote:	2 Yes, 0 Nays

With regard to the minutes and Pollution Liability Coverage, Chairman Mair reported he was in touch with Mr. Borden by e-mail this morning and Mr. Borden advised he was very close to finalizing the coverage.

In response to Chairman Mair's inquiry regarding the Auto ID Cards, Ms. Dodd reported the cards were issued and mailed to Ms. Hughes. Ms. Hughes noted Mr. Cruz of her department was distributing the cards to the various departments.

**CORRESPONDENCE: NONE**

**SAFETY COMMITTEE:** Mr. Prince reported the Safety & Accident Review Committee was scheduled to meet on December 21<sup>st</sup> and would be attended by his colleague, Barry Sloane.

**CLAIMS COMMITTEE:** Executive Director reported the Claims Committee met prior to the Commission meeting and there were PARS to present during closed session.

**EXECUTIVE DIRECTOR REPORT:** Executive Director advised he had two action items for his report but first he wanted to introduce Mr. Jim Miles of Bowman and Company, LLP who would review the 2015 audit. Executive Director noted there was no action necessary today and the approval of the audit would be listed on the January agenda after the Commissioners had an opportunity to review the audit.

**2015 AUDIT REPORT AS OF DECEMBER 31, 2015:** Mr. Miles distributed a draft copy of the 2015 Audit. Mr. Miles explained it was their responsibility as auditors to review the Commission's financial statement and after performing the audit testing offer their opinion on the information on the fair presentation with accounting standards. Mr. Miles reviewed the balance sheet with the Commission and referred to one of the lines under assets, Investment in Joint Venture, and noted this figure represented equity in the CEL. Mr. Miles noted the net position for 2015 was \$3,480,356 and pointed out that the total liabilities and reserves figure was \$4,103,685. Mr. Miles continued to review the audit with the Commission and asked if anyone had any questions. Mr. Miles advised

there were no findings with the audit. Mr. Miles concluded with his appreciation for the opportunity to provide the Commission with his services. Mr. Miles advised he was always available to answer any questions regarding the audit. In response to Mr. Sypek's inquiry regarding the address on the audit, Executive Director advised the official address of the Commission was the Parsippany address.

**2017 PROPERTY & CASUALTY BUDGET INTRODUCTION:** Executive Director reported the 2017 Property and Casualty Budget was introduced at the November meeting and today was the Public Hearing for the Budget. Executive Director advised there were no changes to the budget since introductions. Executive Director referred to a copy of the assessments which was included in the agenda.

**MOTION TO OPEN THE PUBLIC HEARING ON THE 2017 PROPERTY & CASUALTY BUDGET**

Moved:	Chairman Mair
Second:	Commissioner Hughes
Vote:	3 Ayes, 0 Nays

**MOTION TO CLOSE THE PUBLIC HEARING**

Moved:	Chairman Mair
Second:	Commissioner Hughes
Vote:	3 Ayes, 0 Nays

**MOTION TO ADOPT THE PROPERTY & CASUALTY BUDGET FOR MERCER COUNTY INSURANCE FUND COMMISSION FOR THE 2017 YEAR AND CERTIFY THE 2017 ASSESSMENTS**

Moved:	Chairman Mair
Second:	Commissioner Hughes
Vote:	3 Ayes, 0 Nays

**CERTIFICATE OF INSURANCE ISSUANCE REPORT:** Executive Director reported on the Certificate of Insurance Report for the period of November 21, 2016 to December 15, 2016. There was one (1) certificate of insurance issued during the period. Executive Director asked if there were any questions and requested a motion.

**MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT**

Moved:	Chairman Mair
Second:	Commissioner Hughes
Vote:	3 Ayes, 0 Nays

**NJ EXCESS COUNTIES INSURANCE FUND (CELJIF):** Executive Director advised at the last meeting he reported the CELJIF last met on November 17<sup>th</sup>. At the time of the meeting the

summary report was not ready. Executive Director noted the report was included in the agenda. Executive Director advised the CELJIF scheduled their reorganization meeting on February 23, 2017.

**MCIFC PROPERTY & CASUALTY FINANCIAL FAST TRACKS:** Executive Director advised the October Financial Fast Track was included in the agenda. The Commission had a surplus of \$4,303,384 as of October 31, 2016. Executive Director also referred to line 10 of the report, "Investment in Joint Venture" and indicated \$620,713 of the surplus was the MCIFC's share of the CELJIF equity. Executive Director noted the cash balance was \$740,316.

**NJ CEL PROPERTY & CASUALTY FINANCIAL FAST TRACK:** Executive Director reported the October Financial Fast Track was included in the agenda. Executive Director advised as of October 31, 2016 the Fund had a surplus of \$7,627,617 and a total cash figure of \$20,304,402. Executive Director asked if anyone had any questions regarding the Financial Fast Tracks.

**CLAIM TRACKING REPORTS:** Executive Director advised the Claims Tracking Reports for the month of November was included in the agenda. Executive Director reported he reviewed the Claim Activity Report and did not find any anomalies for the month. Executive Director reviewed the Claims Management Report Expected Loss Ratio Analysis report and stated all three years were running exceptionally well right now.

**2017 MCIFC MEETING DATES:** Executive Director reported the proposed MCIFC Executive Committee meeting schedule for 2017 was included in the agenda. Executive Director advised this year he was suggesting that the August meeting be eliminated as it was a slower month. Executive Director advised the August meeting could be added back to the schedule and Chairman Mair noted we should wait to see what the amount of activity was during the summer. Executive Director advised if the dates were acceptable the Fund Office would prepare a resolution for approval along with the Reorganizational Resolutions in January. Executive Director asked the Commissioners to notify Ms. Dodd of any potential conflicts.

**PROFESSIONAL SERVICE CONTRACTS:** Executive Director reported Chairman Mair had advised there would be a delay in awarding the 2017 service contracts. Executive Director advised he spoke to the vendors and they had agreed to continue their services on a month to month basis based on the 2016 service contracts. Executive Director requested that the Fund Office be involved with the TPA RFP so the managed care piece was included.

Executive Director advised that concluded his report unless anyone had any questions.

Executive Director's Report Made Part of Minutes.

**TREASURER REPORT:** Chairman Mair advised the Treasurer was not present. Chairman Mair advised the December Bill List, Resolution 50-16, was included in the agenda.

**MOTION TO APPROVE RESOLUTION 50-16, DECEMBER BILL LIST  
IN THE AMOUNT OF \$47,270.95**

Moved:	Chairman Mair
Second:	Commissioner Walker
Vote:	3 Ayes, 0 Nays

Executive Director advised the monthly Treasurer Reports were included in the agenda.

**ATTORNEY:** Mr. Sypek advised he did not have anything to report at this time.

### **CLAIMS SERVICE:**

Executive Director advised Resolution 51-16, Disclosure of Liability Claims Check Register, was included in the agenda along with a copy of the check register for the period of November 1, 2016 to November 30, 2016.

### **MOTION TO APPROVE RESOLUTION 51-16 AUTHORIZING DISCLOSURE OF LIABILITY CLAIMS CHECK REGISTER**

Moved:	Chairman Mair
Second:	Commissioner Hughes
Vote:	3 Ayes, 0 Nays

**MANAGED CARE:** Ms. Cortes reported for the month of November provider bills were received in the amount of \$56,291 and First MCO repriced the bills to \$ 29,907 for a savings of \$26,384 or 47%. Ms. Cortes advised the PPO penetration for the month of November was 94%. Ms. Cortes advised that concluded her report unless anyone had any questions.

**CEL SAFETY DIRECTOR:** Mr. Prince reviewed the November - December Risk Control Activity Report which was included in the agenda. Mr. Prince noted that the agenda also included a copy of the Training topics that were conducted during the months of November and December. Mr. Prince reported his colleague; Mr. Sloane conducted four loss control visits to the County Court House, County Airport, Medical Examiner's Office and the Fire Academy. Mr. Prince indicated copies of the Loss Control Reports were distributed at the meeting. Mr. Prince advised the only significant announcement he had were twelve minor suggestions for improvement at the County Court House for locations at 175 S. Broad Street and 400 Market St. Mr. Prince requested the status form which was included in the report be completed and returned to J.A. Montgomery within sixty days of the survey so they could monitor the recommendations. Mr. Prince noted there were two recommendations for the airport and there were no recommendations for the Fire Academy for Medical Examiner's Office. Mr. Prince advised that concluded his report unless anyone had any questions.

Chairman Mair advised as discussed previously the County had passed a resolution to outsource the work of the Medical Examiner Office. Middlesex County would be the provider and they also passed an identical resolution. Chairman Mair advised there needed to be some discussion on the indemnification and insurances that are associated and also any role in safety. Mr. Prince advised his office was the provider for safety in Middlesex County.

**RISK MANAGER CONSULTANT:** Mr. Borden advised he was finalizing the pollution coverage with the CEL Underwriting Manager.

Correspondence Made Part of Minutes.

**OLD BUSINESS:** None

**NEW BUSINESS:** Ms. Walker advised she wanted to discuss an issue regarding an investigation involving a vehicle in a motor vehicle accident. Ms. Walker explained if there was an accident the Highway Department was just sending the vehicle to be repaired which was a problem. Executive Director reported this topic was discussed during the Claims Committee Meeting. Ms. Walker expressed the importance of having all such accidents documented. Chairman Mair advised he would follow up on the situation.

**PUBLIC COMMENT:**

**MOTION TO OPEN THE MEETING TO THE PUBLIC**

Moved:	Chairman Mair
Second:	Commissioner Walker
Vote:	3 Ayes, 0 Nays

Seeing no members of the public wishing to speak Chairman Mair asked for a motion to close the public comment portion of the meeting.

**MOTION TO CLOSE MEETING TO THE PUBLIC**

Moved:	Chairman Mair
Second:	Commissioner Walker
Vote:	3 Ayes, 0 Nays

**CLOSED SESSION:** Chairman Mair read and requested a motion to approve Resolution 52-16 authorizing a Closed Session to discuss PARS.

**MOTION TO APPROVE RESOLUTION 52-16 FOR EXECUTIVE SESSION**

Moved:	Chairman Mair
Second:	Commissioner Walker
Vote:	3 Ayes, 0 Nays

**MOTION TO RETURN TO OPEN SESSION**

Moved:	Commissioner Hughes
Second:	Chairman Walker
Vote:	3 Ayes, 0 Nays

**MOTION TO AUTHORIZE PAYMENT AUTHORITY/SETTLEMENT  
AUTHORITY REQUESTS DISCUSSED IN CLOSED SESSION**

Moved:	Commissioner Hughes
Second:	Chairman Mair
Vote:	3 Ayes, 0 Nays

**MOTION TO ADJOURN:**

Moved:	Chairman Mair
Second:	Commissioner Hughes
Vote:	3 Ayes, 0 Nays

**MEETING ADJOURNED: 11:20 AM**

Minutes prepared by:  
Cathy Dodd, Assisting Secretary

# **APPENDIX II**

## **RESOLUTION NO. 10-17**

### **Mercer County Insurance Fund Commission** (hereinafter the "Insurance Commission")

BE IT RESOLVED by the Insurance Commission's governing body that effective 1/1/17 the 2017 Plan of Risk Management shall be:

- 1.) The perils or liability to be insured against.
  - a.) The Insurance Commission insures the following perils or liability:
    - Workers' Compensation including Employer's Liability, USL&H and Harbor Marine/Jones Act.
    - General Liability including Law Enforcement Liability and Employee Benefits Liability.
    - Automobile Liability including PIP and Uninsured/Underinsured Motorists Coverage.
    - Property, Auto Physical Damage and Boiler & Machinery.
  - b.) The following coverage are provided to the Insurance Commission's member entities by their membership in the New Jersey Counties Excess Joint Insurance Fund (NJC).
    - Excess Workers' Compensation including employers liability
    - Excess General Liability including law enforcement liability
    - Excess Auto Liability
    - Excess Property including Boiler and Machinery
    - Public Officials Liability/School Board Legal/EPL
    - Crime
    - Pollution Liability
    - Medical Professional and General Liability
    - Employed Lawyers NOT PURCHASED
    - CYBER LIABILITY



- Non-Owned Aircraft Liability

2.) The limits of coverage.

a.) Workers' Compensation limits.

- The Insurance Commission covers \$300,000 per occurrence including:
  - Employer's Liability - \$300,000 per occurrence.
  - USL&H – \$300,000 per occurrence.
  - Harbor Marine/Jones Act - \$300,000 per occurrence.
- The NJC covers excess workers compensation claims to the following limits.
  - Workers' Compensation – Statutory excess of the Insurance Commission's \$300,000.
  - Employer's Liability - at a sub-limit of \$25,750,000 excess of the Insurance Commission's \$300,000.
  - USL&H – \$250,000 less NJ State benefits excess of the Insurance Commission's \$300,000.
  - Harbor Marine/Jones Act - \$250,000 less NJ State benefits excess of the Insurance Commission's \$300,000.

NJC retains limits of \$250,000 excess \$300,000 for Workers Compensation and Employers Liability. NJC purchases from Underwriters at Lloyds \$450,000 excess \$500,000 each occurrence/employee for Employers Liability and purchases from Safety National Casualty Company 'Statutory' Workers Compensation limits excess of \$1,000,000 and \$5,000,000 excess of \$1,000,000 for Employers Liability. Additional Employers Liability limits of \$10,000,000 excess of \$6,000,000 are purchased from Underwriters at Lloyds, \$10,000,000 excess \$16,000,000 from National Casualty.

b.) General Liability limits.

- The Insurance Commission covers \$250,000 per occurrence.

- Law Enforcement - included in the General Liability limits.
- Employee Benefits Liability - included in the General Liability limits.
- Subsidence - \$250,000 per occurrence
- Sexual Abuse or Molestation Coverage - \$250,000 per occurrence except for schools.
- Owned Watercraft 35' in length or less - \$250,000.
- Garagekeepers Legal Liability - \$250,000
- The NJC covers excess liability claims as follows:
  - General Liability - \$20,250,000 excess the Insurance Commission's \$250,000. The \$10,000,000 excess \$500,000 commercial excess layer is subject to a \$20,000,000 per member insurance commission 12 month aggregate limit (1/1/17-1/1/18). The \$10,000,000 excess \$10,000,000 commercial excess layer is subject to a \$10,000,000 12 month annual aggregate limit (1/1/17-1/1/18).
  - Law Enforcement - included in the NJC's excess General Liability limits.
  - Employee Benefits Liability - included in the NJC's excess General Liability limits.
  - Subsidence - \$250,000 per occurrence excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Member Commission's retention.
  - Sexual Abuse or Molestation Coverage - \$250,000 excess of the Insurance Commission's \$250,000 except for schools. NJC retains 100% of the limit excess of the Member Commission's retention.
  - Owned Watercraft 35' in length or less - \$250,000 excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Member Commission's retention.

- Garagekeepers Legal Liability - \$250,000 excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Member Commission's retention.

NJC retains limits of \$250,000 excess \$250,000 and purchases from Underwriters at Lloyds limits of \$10,000,000 per occurrence and a \$20,000,000 12 month aggregate (1/1/17-1/1/18) excess over and above \$500,000. NJC also purchases from National Casualty limits of \$10,000,000 per occurrence and a \$10,000,000 annual aggregate (1/1/17-1/1/18) excess over and above the \$10,000,000/\$20,000,000 with Underwriters at Lloyds.

c.) Automobile Liability limits.

- The Insurance Commission covers automobile liability claims as follows:
  - Automobile Bodily Injury and Property Damage Liability claims at a combined single limit of \$250,000.
  - The Insurance Commission covers \$250,000 for Personal Injury Protection (PIP) per Addendum I of this Plan.
  - The Insurance Commission covers \$15,000/\$30,000/\$5,000 for Underinsured/Uninsured Motorists Liability per Addendum II of this Plan.
- The NJC covers excess automobile liability claims as follows:
  - Automobile Bodily Injury and Property Damage Liability claims excess of the Insurance Commission's \$250,000 CSL limit. Included in the NJC's excess General Liability limits as shown above.

NJC retains limits of \$250,000 excess \$250,000 and purchases from Underwriters at Lloyds limits of \$10,000,000 per occurrence and a \$20,000,000 12 month aggregate (1/1/17-1/1/18) excess over and above \$500,000. NJC also purchases from National Casualty limits of \$10,000,000 per occurrence and a \$10,000,000 annual aggregate (1/1/17-1/1/18) excess over and above the \$10,000,000/\$20,000,000 with Underwriters at Lloyds.

The NJC does not provide excess PIP OR Uninsured/Underinsured Motorist Coverage.

The excess general liability, auto liability, law enforcement liability and employers liability limits with Underwriters at Lloyds and National Casualty are per member Commission and are shared limits amongst MCIFC member entities.

d.) Public Officials Liability/School Board Legal/Employment Practices Liability

- The NJC via the commercial market covers public officials liability/school board legal liability/employment practices liability as follows:
  - \$5,000,000 each claim and \$5,000,000 in the annual aggregate on a claims made basis per Insurance Commission subject to the deductibles as outlined below:
    - Mercer County - \$100,000 each POL & \$175,000 EPL
    - Mercer County BOSS - \$100,000 each POL & \$175,000 EPL
    - Mercer County Improvement Authority -\$25,000 each POL & \$25,000 EPL

NJC does not retain any risk as it is fully insured in the commercial market.

e.) Property/Equipment Breakdown

Property Limits/Sub-limits

- The Insurance Commission covers \$100,000 per occurrence less applicable member entity per occurrence deductibles.
- The NJC provides excess property coverage and Equipment Breakdown coverage via the commercial market with Zurich and excess property coverage with Mitsui Sumitomo Insurance Company of America (33.33%); Velocity (33.33%); Starr Companies (33.33%) on a quota share basis with the following limits (*SHARED BY ALL NJC MEMBER COMMISSIONS AND THEIR MEMBER ENTITIES*) excess of the member retention and member entity per occurrence deductibles:

Property Per Occurrence Limits:

- A. \$110,000,000 Per Occurrence with Zurich
- B. \$150,000,000 Per Occurrence with *Mitsui Sumitomo Insurance Company of America (33.33%)*/*Velocity (33.33%)*/*Starr Companies(33.33%)*
- C. \$260,000,000 per Occurrence Total Program Limit

Property Sub-Limits:

- Earthquake - \$200,000,000 (Annual Aggregate)
- Flood - \$100,000,000 (Annual Aggregate) Except;
  - Flood Inside Special Flood Hazard Area (SFHA) - \$25,000,000
- Asbestos Cleanup - \$50,000 per occurrence
- Valuable Paper And Records - \$10,000,000
- Accounts Receivable - \$10,000,000
- Demolition & Increased Cost of Construction - \$25,000,000
- Business Interruption -Included in \$110,000,000 blanket limit (Business Income On Revenue Producing Property Only)
- Extra Expense – \$10,000,000
- Transit- \$1,000,000 Per Conveyance/\$1,000,000 Per Occurrence
- Fine Arts - \$2,500,000 (Owned And Non Owned)
- Pollution And Contamination Cleanup (Limited) - \$250,000 (Annual Aggregate)
- Miscellaneous Unnamed Locations - \$10,000,000
- Builders' Risk - \$25,000,000 (the lesser of \$1,000,000 sublimit or 60 days for soft costs, subject to applicable deductible per cause of loss and 24 hour qualifying period)
- New Construction and Additions – \$25,000,000 per location (90 day reporting period)
- Service Interruption - \$10,000,000 Combined Time Element and Property Damage Including Overhead Transmission Lines within 1 mile of insured premises, 24 hour qualifying period)
- Ingress/Egress – 30 Day Period for property with a 5 mile radius but not to exceed a \$5,000,000 limit.
- Debris Removal -\$25,000,000
- Civil Government Authority – Lesser of \$5,000,000 or 30 day period, within 5 mile radius
- Leasehold Interest - \$15,000,000
- Loss Of Rents - \$15,000,000
- Professional Fees - \$1,250,000

- Extended Period of Liability – 365 Days
- Auto Physical Damage - \$15,000,000
- Underground Piping - \$5,000,000 (only if within 5 MILES of a pump station, process plant, metering pit, wells or similar operational locations which are owned, leased, used occupied or intended for use by the member entity). There is no coverage for perils of Earthquake, Flood or Named Storm
- EDP Equipment – Subject to a 24 hour qualifying period. No sub-limit for equipment. \$1,000,000 sublimit for data and software
- Outdoor Property - \$10,000,000
- Equipment Breakdown - \$100,000,000
  - Ammonia Contamination - \$5,000,000
  - Spoilage - \$5,000,000
  - Extended Period Of Indemnity - 365 Days

Note: There is an Excess Property Policy with Mitsui Sumitomo Insurance Company of America (33.33%); Velocity (33.33%); Starr Companies (33.33%) on a quota share basis which extends the Per Occurrence Policy Limits by \$150,000,000 to a total of \$260,000,000. Coverage sub-limits on the Primary policy are excluded by the Excess Property policy, including Equipment Breakdown. The primary limit is \$110,000,000

- There is an Excess Flood/Earthquake policy placed with Aspen Specialty (20%)/AXIS Surplus (30%)/United Specialty (20%)/Endurance American Specialty(10%)/Interstate Fire & Casualty (10%)/RSUI Indemnity (10%) which provides:
  - \$50,000,000 aggregate policy limit for Flood coverage excess of the aggregate policy limits provided by Zurich (\$25,000,000 for locations inside the 100-Year Flood Zone, \$50,000,000 for all other locations, as noted above); and
  - \$100,000,000 aggregate policy limit for Earthquake coverage excess of the \$100,000,000 aggregate policy limit provided by Zurich (noted above).

#### Property Deductibles

- The standard member insurance commission retention is \$100,000 per occurrence less member entity per occurrence deductibles below. Also applies to time element, auto physical damage and flood (except as noted below).

- Mercer County - \$25,000 Property and \$25,000 Auto Physical Damage.
- Mercer County IA - \$5,000 Property except the Arena \$10,000 Property, \$1,000 Auto Physical Damage Comprehensive, \$5,000 Auto Physical Damage Collision Arena Only \$10,000
- The Vacant Properties deductible is \$250,000
- The Equipment Breakdown deductible is \$25,000 member entity deductible per occurrence.
- Mercer County IA Equipment Breakdown deductible is \$1,000
- The Earthquake Member Insurance Commission retention is \$100,000 per occurrence less the per occurrence member entity deductibles. However, if there is a loss from a single occurrence involving multiple entities, the maximum occurrence deductible will be \$100,000
- The Flood Member Insurance Commission retention is \$100,000 per occurrence (combined property damage and time element) less member entity per occurrence deductibles. However, if there is a loss from a single occurrence involving multiple entities, the maximum occurrence deductible will be \$100,000
- Flood loss for property within the Special Flood Hazard Area (SFHA) is subject to a deductible of \$500,000 each building for municipality buildings, and \$500,000 each building for building contents member entity deductible per occurrence; and \$100,000 for each building for loss of income or the National Flood Insurance Plan's (NFIP) maximum available limits for public entities, whichever is greater, regardless of whether National Flood Insurance program coverage is purchased or not. Losses shall also be adjusted subject to a \$100,000 per occurrence Insurance Commission deductible for pumping stations, pistol ranges, vehicles and mobile equipment less the applicable member entity deductible.
- "Named Storm as respects to covered property in Atlantic, Ocean, Monmouth and Burlington Counties located east of the Garden State Parkway and any covered property in Cape May County" For Property Damage: subject to a deductible of 1% of the value, per the Schedule of Values on file with the company as of the date of loss, for those Buildings where the direct physical loss or damage occurred, per occurrence; For Time Element: 1% of the

full 12 months Gross Earnings or Gross Profit values that would have been earned following the occurrence by use of the facilities at the Location where the direct physical loss or damage occurred and all other Locations where Time Element loss ensues, per occurrence. The 1% Time Element deductible does not apply Extra Expense. Combined PD and TE deductible subject to a minimum deductible of \$250,000 per Location and a maximum deductible of \$1,000,000 per occurrence. The “Named Storm” deductible is a per member entity deductible.

- Note: The Mercer County Insurance Fund Commission provides coverage for the difference in deductible for “insured property” resulting from “insured perils” (per the terms and conditions of the Zurich policy through the NJC JIF), but only for what is not reimbursed by FEMA less the member entity deductible. The MercerCounty Insurance Commission will not provide coverage for the difference in deductible for time element loss.

Named Storm is defined as any storm or weather disturbance that is named by the U.S. National Oceanic and Atmospheric Administration (NOAA) or the U.S. National Weather Service or the National Hurricane Center or any comparable worldwide equivalent.. Location is defined as a building(s) bounded on all sides by public streets, clear land space or open waterways, each not less than 50 feet wide, a site or tract of land occupied or available for occupancy with tangible property. If the Named Storm involves covered property within the Special Flood Hazard Area (SFHA), the Special Flood Hazard Area (SFHA) deductible above applies.

Special Flood Hazard Area (SFHA) - Is an area defined by FEMA or any foreign equivalent that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance flood is also referred to by FEMA as the base flood or 100-year EDGE-100-B (12/10) flood. SFHA’s per FEMA include but are not limited to Zone A, Zone AO, Zone AH, Zones A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, and Zones V1-V30. If not defined by FEMA or any foreign equivalent, it is an area that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year.

- Underground Piping \$100,000 per occurrence less the member entity deductibles as stated above. There is no coverage for the perils of Earthquake, Flood or named Storm



- Golf Carts - \$25,000

NJC does not retain any risk as it is fully insured in the commercial market.

#### f.) Pollution Liability

The NJC via the commercial market provides pollution liability coverage at the following limits and deductibles (the Insurance Commission retains no risk for Pollution Liability):

- Limit of Liability: \$10,000,000 per claim and \$25,000,000 annual aggregate Mercer County including Mercer County Improvement Authority
- Member Entity Deductible: \$25,000

NJC DOES NOT RETAIN ANY RISK AS IT IS FULLY INSURED IN THE COMMERCIAL MARKET.

#### g.) Crime

The NJC via the commercial market provides crime coverage at the following limits and deductibles (the Insurance Commission retains no risk for Crime):

Limit per occurrence:

- Mercer County – \$1,000,000
- Mercer County IA - \$1,000,000

Deductible per occurrence:

- Mercer County – \$25,000
- Mercer County IA - \$15,000

NJC does not retain any risk as it is fully insured in the commercial market.

#### h.) Medical Professional General Liability/Excess Medical Professional

The NJC via the commercial market provides medical professional general liability/excess medical professional coverage at the following limits and deductibles (the Insurance Commission retains no risk for medical professional general liability):

- Limit per claim/annual aggregate: \$1,000,000/\$3,000,000
  - This primary aggregate limit is shared by each member entity of each NJC member Commission.
- Excess Limit annual aggregate:
  - The NJC via the commercial market offers excess general liability/medical professional liability coverage program that MCIFC does not currently participate.
- Member Entity Deductibles GL and PL:
  - Mercer County (Medical Reserves Corp) – \$2,500
  - MCIFC Scheduled Physicians - \$5,000
    - D. Shah -MC
    - R. Ahmad - MC

NJC does not retain any risk as it is fully insured in the commercial market.

i.) Employed Lawyers Professional Liability

- The NJC via the commercial market offers employed lawyers professional liability coverage program that MCIFC does not currently participate.

J.) Cyber Liability – Network Privacy & Security Liability

The NJC via the commercial market provides on an optional basis network privacy & security liability coverage at the following limits and deductibles (the insurance commission retains no risk for network privacy & security liability coverage):

- Limits per claim and annual aggregate:
  - Security & Privacy Liability: \$1,000,000
    - regulatory sub-limit: \$1,000,000
  - Network Interruption (12 hour period): \$250,000
  - Event Management: \$250,000
  - Cyber Extortion: \$ 1,000,000
  - Minimum affected individuals: 100
  - Maximum affected individuals: \$500,000
- Retention per member entity:
  - Security & Privacy Liability: \$25,000
    - Regulatory: \$25,000

- Network Interruption (12 hour period): \$25,000
- Event Management: \$25,000
- Cyber Extortion: \$ 25,000
- Minimum affected individuals: 100
- Maximum affected individuals: 500,000
- Participating member entities are:
  - Mercer County (Including Board of Social Services)
  - Mercer County IA

h.) Non-Owned Aircraft. The NJCE covers \$9,000,000 CSL for Bodily Injury and Property Damage Liability, and \$5,000 medical expense for each passenger.

**NOTICE: The above description is a general overview of the coverage and limits provided by the Insurance Commission. The actual terms and conditions are defined in the individual policy documents and this Risk Management Plan. All issues and/or conflicts shall be decided upon by the individual policy documents.**

3.) The amount of risk to be retained by the Insurance Commission (except as noted in section 2. Limits of coverage).

- a.) Workers' Compensation (all coverages) - \$300,000 CSL
- b.) General Liability (all coverages) - \$250,000 CSL
- c.) Law Enforcement Liability – Included in General Liability
- d.) Automobile Liability
  - Property Damage & Bodily Injury - \$250,000 CSL
  - Underinsured/Uninsured - \$15,000/\$30,000/\$5,000 CSL
  - Personal Injury Protection - \$250,000 CSL
- d.) Public Officials Liability/School Board  
Legal/Employment Practices Liability - None
- e.) Property/APD - \$100,000 per occurrence less member entity deductibles.
- f.) Equipment Breakdown – None for Mercer County and \$25,000 less member deductible of \$1,000 for MCIA.
- g.) Crime – None

- h.) Pollution Liability – None
- i.) Medical Professional General Liability – None
- j.) Employed Lawyers Liability – None
- k.) Cyber Liability – None
- l.) Non-Owned Aircraft - None

4.) The amount of unpaid claims to be established.

a.) The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Insurance Commission expects the claims servicing company to set reserves at 85% accuracy. The Insurance Commission also establishes reserves recommended by the Insurance Commission's Actuary for claims that have been incurred but not yet reported so that the Insurance Commission has adequate reserves to pay all claims and allocated loss adjusted expense liability.

b.) Claims reserves are subject to regular review by the Insurance Commission's Executive Director/Administrator, Attorney, Board of Commissioners and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the Insurance Commission either directly or through the NJC JIF.

5.) The method of assessing contributions to be paid by each member of the Insurance Commission.

a.) By November 15th of each year, the actuary computes the probable net cost for the upcoming Insurance Commission year by line of coverage and for each prior Insurance Commission year. The Actuary includes all budget items in these computations. The annual assessment of each participating member entity is its pro rata share of the probable net cost of the upcoming Insurance Commission year for each line of coverage as computed by the Actuary.

b.) The calculation of pro rata shares is based on each member's experience modified manual premium for that line of coverage. The Insurance Commission's Governing Body also adopts a capping formula which limits the increase of any member's assessment from the preceding year to the Insurance Commission wide average increase plus a percentage selected by the Governing Body. The total amount of each member's annual assessment is certified by majority vote of the Insurance Commission's Governing Body at least one (1) month prior to the beginning of the next fiscal year.

c.) The Treasurer deposits each member's assessment into the appropriate accounts, including the administrative account, and the claim or loss retention trust Insurance Commission account by Insurance Commission year for each type of coverage in which the member participates.

d.) If a member entity becomes a member of the Insurance Commission or elects to participate in a line of coverage after the start of the Insurance Commission year, such participant's assessments and supplement assessments are reduced in proportion to that part of the year which had elapsed.

e.) The Insurance Commission's Governing Body may by majority vote levy upon the participating member entities additional assessments wherever needed or so ordered by the Commissioner of Insurance to supplement the Insurance Commission's claim, loss retention or administrative accounts to assure the payment of the Insurance Commission's obligations. All supplemental assessments are charged to the participating member entities by applicable Insurance Commission year, and shall be apportioned by the year's assessments for that line of coverage.

f.) Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Insurance Commission fail to assess funds required to meet its obligations, the Chairman, or in the event by his or her failure to do so, the custodian of the Insurance Commission's assets, shall notify the Commissioner of Banking and Insurance and the Director of Community Affairs. Past due assessments shall bear interest at the rate established annually by the Insurance Commission's Governing Body.

6.) Procedures governing loss adjustment and legal expenses.

a.) The Insurance Commission engages a claims service company to handle all claims. The performance of the claims adjusters is monitored and periodically audited by the Executive Director's office, the Insurance Commission Attorney, the NJC's attorney's office, as well as the claims department of the NJC's three major excess insurers (i.e. Underwriters at Lloyds, National Casualty for excess liability; Underwriters at Lloyds and Safety National Casualty Company for workers' compensation/employers liability). Every three years, the NJC's internal auditors also conduct an audit.

b.) Each member entity is provided with a claim reporting procedure and appropriate forms.

c.) In order to control workers' compensation medical costs, the Insurance Commission has engaged a managed care organization component through a contract with the claims service company whose procedures are integrated into the Insurance Commission's claims process.

d.) To provide for quality defense and control costs, the Insurance Commission will utilize County Counsel attorneys and/or in-house counsel. In addition, it

has established an approved defense attorney panel with firms which specialize in Title 59 matters. The performance of the defense attorneys is overseen by the Insurance Commission Attorney, as well as, the various firms which audit the claims adjusters.

7.) Coverage to be purchased from a commercial insurer, if any.

The Insurance Commission does not purchase commercial insurance.

8.) Reinsurance to be purchased.

The Insurance Commission does not purchase reinsurance.

9.) Procedures for the closure of Insurance Commission years, including the maintenance of all relevant accounting records.

a.) Not applicable at this time.

10.) Assumptions and Methodology used for the calculation of appropriate reserves requirements to be established and administered in accordance with sound actuarial principles.

a.) The general approach in estimating the loss reserves of the Insurance Commission is to project ultimate losses for each Insurance Commission year using paid and incurred loss data. Two traditional actuarial methodologies are used: the paid loss development method and the incurred loss development method. From the two different indications resulting from these methods the Insurance Commission Actuary chooses a "select" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or Insurance Commission funding requirement.

b.) The following is an overview of the two actuarial methods used to project the ultimate losses.

- Paid Loss Development Method - This method uses historical accident year paid loss patterns to project ultimate losses for each accident year. Because this method does not use case reserve data, estimates from it are not affected by changes in case reserving practices. However, the results of this method are sensitive to changes in the rate of which claims are settled and losses are paid, and may underestimate ultimate losses if provisions are not included for very large open claims.
- Case Incurred Loss Development Method - This method is similar to the paid loss development method except it uses historical case incurred loss patterns (paid plus case outstanding reserves) to estimate ultimate losses. Because the data used

includes case reserve estimates, the results from this method may be affected by changes in case reserve adequacy.

11.) The maximum amount a certifying and approving officer may approve pursuant to N.J.A.C. 11:15-2.22.

- \$20,000 for workers compensation claims
- \$7,500 for liability claims
- With the advance approval of the Insurance Commission Attorney or Executive Director, the certifying and approving officer may also pay hospital bills if waiting until after the next regularly scheduled Insurance Commission meeting would result in the loss of a discount on such bills. When the certifying and approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.

Adopted by the Governing Body this day of \_\_\_\_ of \_\_\_\_\_, 2017.

Mercer County Insurance Fund Commission

By: \_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Secretary

## **ADDENDUM I**



2017 Risk Management Plan  
Addendum #1  
NEW JERSEY PERSONAL INJURY PROTECTION

With respects to coverage provided by this Addendum, the provisions of Policy PK1019016 – Coverage forms CA 00 01 12 93, IL 00 17 11 98, IL 00 21 07 02, IL 02080702 apply unless modified by this Addendum for a covered **auto** licensed or principally garaged in, or **garage operations** conducted in, New Jersey

This Addendum is effective 1/1/2017.

**MEDICAL EXPENSE BENEFITS DEDUCTIBLE**

The medical expense benefits are subject to a deductible of \$250 per **occurrence**.

Medical expense benefits applicable to:

A. The **named insured** and, if the **named insured** is an individual, any **family members** will be subject to a deductible of \$250 per **occurrence**.

B. insured **persons** other than the **named insured** and, if the **named insured** is an individual, any **family members** shall be subject to a separate deductible of \$250 per **occurrence**.

**MEDICAL EXPENSE BENEFITS CO-PAYMENT**

Medical expense benefits are subject to a co-payment of 20% per **occurrence** for amounts payable between the applicable deductible and \$5,000.

☐ **DELETION OF BENEFITS OTHER THAN MEDICAL EXPENSES OPTION**

All Personal Injury Protection benefits other than medical expense benefits are deleted with respect to the **named insured** and, if the **named insured** is an individual, any **family members**, when indicated to the left. Refer to the Deletion Of Benefits Other Than Medical Expenses Provision.

☐ **MEDICAL EXPENSE BENEFITS-AS-SECONDARY OPTION**

If the **named insured** is an individual, medical expense benefits with respect to the **named insured** and **family members**, are secondary to the health benefits plans under which the **named insured** and **family members** are insured, when indicated to the left.

A. Coverage

1. **Personal Injury Protection**

We will pay personal injury protection benefits for **bodily injury** sustained by an **eligible injured person** or an **insured person** caused by an **occurrence** occurring during the Policy period within the United States of America, its territories or possessions or Canada and arising out of the ownership, maintenance or use, including loading or unloading, of a **private passenger auto** as an auto.

These Personal Injury Protection Benefits consist of:

a. **Medical Expense Benefits**

An amount not exceeding **\$250,000** per person per **occurrence** for reasonable and necessary expenses incurred for medical, surgical, rehabilitation and diagnostic treatments and services, hospital expenses, ambulance or transportation services, medication and non-medical expenses that are prescribed by a treating **health care provider** for a permanent or significant brain, spinal cord or disfiguring injury.

Non-medical expense means charges for products and devices, not exclusively used for medical purposes or as durable medical equipment, such as vehicles, durable goods, equipment, appurtenances, improvements to real or personal property, fixtures and services and activities such as recreational activities, trips and leisure activities.

All medical expenses must be rendered by a **health care provider**, be **clinically supported** and consistent with the symptoms, diagnosis or indications of the **insured**. They must also be consistent with the most appropriate level of service that is in accordance with the standards of good practice and standard professional treatment protocols, including care paths for an **identified injury**. They must not be rendered primarily for the convenience of the **insured** or **health care provider** nor may they involve unnecessary testing or treatment.

However, medical expenses include any nonmedical remedial treatment rendered in accordance with recognized religious methods of healing.

b. **Income Continuation Benefits**

An amount not exceeding a limit of \$100 per week and a total limit of \$5,200 payable for the loss of income of an **income producer** during his or her lifetime, as a result of **bodily injury** disability, not to exceed net **income** normally earned during the period in which benefits are payable.

c. **Essential Services Benefits**

An amount not exceeding a limit of \$12 per day and a total limit of \$4,380 payable to an **eligible injured person** as reimbursement for payments made to others, for substitute essential services of the type actually rendered during his or her lifetime and which he or she would ordinarily have performed not for **income** but for the care and maintenance of himself or herself and persons related to the **eligible injured person** by blood, marriage

or adoption (including a ward or foster child) who are residents of the same household as the **eligible injured person**.

d. **Death Benefits**

The amount or amounts payable in the event of the death of an **eligible injured person** as determined below:

- (1) If the **eligible injured person** was an **income producer** at the time of the **occurrence**, an amount equal to the difference between \$5,200 and all basic income continuation benefits paid for any loss of **income** resulting from his or her injury prior to his or her death;
- (2) If the **eligible injured person** ordinarily performed essential services for the care and maintenance of himself or herself, his or her family or family household, an amount equal to the difference between \$4,380 and all basic essential services benefits paid with respect to his or her injury prior to death.

e. **Funeral Expense Benefits**

An amount not exceeding \$1,000 of reasonable funeral, burial and cremation expenses incurred.

2. **Pedestrian Personal Injury Protection**

This coverage applies to **pedestrians** and only to **occurrences** which occur during the Policy period in New Jersey. With respect to an **insured motor vehicle** as described for this Coverage, Pedestrian Personal Injury Protection Coverage is the only Personal Injury Protection Coverage for that vehicle.

**We** will pay pedestrian personal injury protection benefits to an **eligible injured person**. These Pedestrian Personal Injury Protection benefits consist of:

a. **Medical Expense Benefits**

An amount not exceeding **\$250,000** per person per **occurrence** for reasonable and necessary expenses incurred for medical, surgical, rehabilitative and diagnostic treatments and services, hospital expenses, ambulance or transportation services, medical and non-medical expenses that are prescribed by a treating **health care provider** for a permanent or significant brain, spinal cord or disfiguring injury.

Non-medical expense means charges for products and devices, not exclusively used for medical purposes or as durable medical equipment, such as vehicles, durable goods, equipment, appurtenances, improvement to real or personal property, fixtures and services and activities such as recreational activities, trips and leisure activities.

All medical expenses must be rendered by a **health care provider**, be **clinically supported** and consistent with the symptoms, diagnosis or indications of the **insured**. They must also be consistent with the most appropriate level of service that is in accordance with the standards of good practice and standard professional treatment protocols, including care paths for an **identified injury**. They must not be rendered primarily for the convenience of the **insured** or **health care provider** nor may they involve unnecessary testing or treatment.

However, medical expenses include any nonmedical remedial treatment rendered in accordance with recognized religious methods of healing.

b. **Income Continuation Benefits**

An amount not exceeding a limit of \$100 per week and a total limit of \$5,200 payable for the loss of income of an **income producer** during his or her lifetime, as a result of **bodily injury** disability; not to exceed net **income** normally earned during the period in which benefits are payable.

c. **Essential Services Benefits**

An amount not exceeding a limit of \$12 per day and a total limit of \$4,380 payable to an **eligible injured person** as reimbursement for payment made to others, for substitute essential services of the type actually rendered during his or her lifetime and which he or she would ordinarily have performed not for **income** but for the care and maintenance of himself or herself and persons related to the **eligible injured person** by blood, marriage or adoption (including a ward or foster child) who are residents of the same household as the **eligible injured person**.

d. **Death Benefits**

The amount or amounts payable in the event of the death of an **eligible injured person** as determined below:

- (1) If the **eligible injured person** was an **income producer** at the of time the **occurrence**, an amount equal to the difference between \$5,200 and all basic income continuation benefits paid for any loss of **income** resulting from his or her injury prior to his or her death;
- (2) If the **eligible injured person** ordinarily performed essential services for the care and maintenance of himself or herself, his or her family or family household, an amount equal to the difference between \$4,380 and all basic essential services benefits paid with respect to his or her injury prior to death.

e. **Funeral Expense Benefits**

An amount not exceeding \$1,000 for reasonable funeral, burial cremation expenses incurred.

B. Exclusions

1. **Personal Injury Protection**

**We will not pay Personal Injury Protection benefits for **bodily injury**:**

- a. To a person whose conduct contributed to the **bodily injury** in any of the following ways:
  - (1) While committing a high misdemeanor or felony or seeking to avoid lawful apprehension or arrest by a police officer; or
  - (2) While acting with specific intent to cause injury or damage to himself or herself or others;
- b. To any person who, at the time of the **occurrence**, was the owner or registrant of a **private passenger auto** registered or principally garaged in New Jersey that was being operated without Personal Injury Protection Coverage;
- c. To any person who is not occupying a covered **auto**, other than the **named insured** or any **family member** or a resident of New Jersey, if the **occurrence** occurs outside of New Jersey;
- d. Arising out of the ownership, maintenance or use, including loading or unloading, of any vehicle while located for use as a residence or premises other than for transitory recreational purposes;
- e. Due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or **CONDITION** incident to any of the foregoing;
- f. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material;
- g. To any person, other than the **named insured** or any **family member**, if such person is entitled to New Jersey Personal Injury Protection Coverage as a **named insured** or **family member** under the terms of any other Policy with respect to such coverage;
- h. To any **family member**, if such person is entitled to New Jersey Personal Injury Protection Coverage as a **named insured** under the terms of another Policy; or
- i. To any person operating or occupying a **private passenger auto** without the permission of the owner or the **named insured** under the Policy insuring that **auto**.
- j. To any person who is convicted of, or pleads guilty to:

- (1) Operating a motor vehicle; or
- (2) Allowing another person to operate a motor vehicle owned by that **insured** or in that **insureds** care, custody or control;

while the **insured** or that other person:

- (1) Is under the influence of intoxicating liquor or a narcotic, hallucinogenic or habit-producing drug; or
  - (2) Is later found to have a blood alcohol concentration by weight of alcohol in excess of the legal limit of the jurisdiction where the violation occurred.
- k. To any person who refused to submit to a chemical test after being arrested for operating a motor vehicle while under the influence of intoxicating liquor or a narcotic hallucinogenic or habit-producing drug.
- l. For the following diagnostic tests:
- (1) Brain mapping;
  - (2) Iridology;
  - (3) Mandibular tracking and simulation;
  - (4) Reflexology;
  - (5) Spinal diagnostic ultrasound;
  - (6) Surface electromyography (surface EMG);
  - (7) Surrogate arm mentoring; or
  - (8) Any other diagnostic test that is determined to be ineligible for coverage under Personal Injury Protection Coverage by New Jersey law or regulation.

## 2. **Pedestrian Personal Injury Protection**

The EXCLUSIONS that apply to Personal Injury Protection also apply to Pedestrian Personal Injury Protection, except EXCLUSIONS b. and c., which do not apply to Pedestrian Personal Injury Protection Coverage.

### C. **Limit Of Insurance**

1. Any amount payable by **us** as Personal Injury Protection benefits for **bodily injury** shall be reduced by:
  - a. All amounts paid, payable or required to be provided under any workers' compensation or employees' temporary disability law.
  - b. Medicare provided under federal law.
  - c. Benefits actually collected that are provided under federal law to active and/or retired military personnel.
2. Any amount payable by **us** as medical expense benefits will be limited by

medical fee schedules, as promulgated by the New Jersey Department of Banking and Insurance for specific injuries or services.

3. Any amount payable for medical expense benefits as the result of any one **occurrence** shall be:

- a. Reduced by the applicable deductible of \$500; and
- b. Subject to the co-payment of 20% for the amount between the applicable deductible and \$5,000.

4. The applicable limit of income continuation benefits applies separately to each full, regular and customary work week of an **eligible injured person**. If this disability from work or employment consists of or includes only a part of such a week, **we** shall be liable for only that proportion of such weekly limit that the number of days lost from work or employment during the partial week bears to the number of days in his or her full work week.

5. If the Addendum indicates that the **named insured** has elected the Medical Expense Benefits As Secondary option, the following provisions apply to medical expense benefits:

- a. **Priority Of Benefits**

- (1) The health benefits plans under which the **named insured** and any **family member** are insured shall provide primary coverage for **allowable expenses** incurred by the **named insured** and any **family member** before any medical expense benefits are paid by **us**.
- (2) This insurance shall provide secondary coverage for the medical expense benefits for **allowable expenses**, which remained uncovered.
- (3) The total benefits paid by the health benefits plans and this insurance shall not exceed the total amount of **allowable expenses**.

- b. **Determination Of Medical Expense Benefits Payable**

- (1) To calculate the amount of **actual benefits** to be paid by **us**, **we** will first determine the amount of **eligible expenses** which would have been paid by **us**, after application of the deductible and co-payment indicated in this Addendum had the **named insured** not elected the

Medical Expense Benefits As Secondary Coverage option.

- (2) If the remaining **allowable expenses** are:
  - (a) Less than the benefits calculated in Paragraph (1) above, **we** will pay **actual benefits** equal to the remaining **allowable expenses**, without reducing the remaining **allowable expenses** by the deductible or co-payment.
  - (b) Greater than the benefits calculated in Paragraph (1) above, **we** will pay **actual benefits** equal to the benefits calculated in Paragraph 1 above, without reducing the remaining **allowable expenses** by the deductible or co-payment.
- (3) **We** will not reduce the **actual benefits** determined in Paragraph 2.:
  - (a) By any deductibles or co-payments of the health benefits plans which have provided primary coverage for medical expense benefits; or
  - (b) For any **allowable expense** remaining uncovered which otherwise would not be an **eligible expense** under Personal Injury Protection Coverage, except as set forth in Paragraph (4) below.
- (4) In determining remaining uncovered **allowable expenses**, **we** shall not consider any amount for items of expense which exceed the dollar or percent amounts recognized by the medical fee schedules promulgated by the New Jersey Department of Banking and Insurance.
- (5) The total amount of medical expense benefits for the **named insured** or any **family member** per **occurrence** shall not exceed the maximum amount payable for medical expense benefits under this Policy.



c. **Health Benefits Plan Ineligibility**

- (1) If, after the **named insured** has elected the Medical Expense Benefits As Secondary Coverage option, it is determined that the **named insured** or any **family member** did not have a health benefits plan in effect at the time an **occurrence** occurred which resulted in **bodily injury** to the **named insured** or any **family member**, medical expense benefits shall be provided to the **named insured** or any **family member**, subject to the following:
  - (a) Only Paragraph 1. of the Limit Of Insurance Provision will apply with respect to medical expense benefits.
  - (b) Any amount payable for medical expense benefits for the **named insured** and any **family member** as a result of any one **occurrence** shall;
    - (1) Be reduced by a deductible equal to the sum of \$750 plus the \$500 deductible indicated in this Addendum; and
    - (2) Be subject to a co-payment of 20% for amounts less than \$5,000 after the deductible has been applied.
    - (3) Be determined:
      - (i) By the medical fee schedules promulgated by the New Jersey Department of Insurance; or
      - (ii) By us, on a reasonable basis, considering the medical fee schedules for similar services or equipment in the region where the service or equipment was provided, if an item or expense is not included on the medical fee schedules.
    - (4) Not exceed the maximum amount payable for medical expense benefits under this Policy.
- (2) All items of medical expense incurred by the **named insured** or any **family member** for the treatment of **bodily injury** shall be **eligible expenses** to the extent the treatment or procedure from which the expenses arose:
  - (a) Is recognized on the medical fee schedules promulgated by the New Jersey Department of

- Banking and Insurance; or
- (b) Are reasonable expenses in accordance with Section 4 of the New Jersey Reparation Reform Act.
- (3) **We** shall be entitled to recover the difference between:
  - (a) The reduced premium paid under this Policy for the Medical Expense Benefits As Secondary option; and
  - (b) The premium which would have been paid under this Policy had the **named insured** not elected such option.

We will not provide any premium reduction for the Medical Expense Benefits As Secondary option for the remainder of the Policy period.

- 6. The limit of insurance shown in this Addendum for weekly income continuation benefits shall be prorated for any period of **bodily injury** disability less than one week.

#### D. Changes in Conditions

All conditions stated in Policy #PK1019016 – Coverage forms CA 00 01 12 93, IL 00 17 11 98, IL 00 21 07 02, IL 02080702 apply, however:

- 1. The **Duties In The Event Of Occurrence**, Condition is amended by the addition of the following:
  - a. If an **eligible injured person, insured person** or the legal representative or survivors of either institutes legal action to recover damages for injury against a person or organization who is or may be liable in tort there for, he or she must promptly give **us** a copy of the summons and complaint or other process served in connection with the legal action.
  - b. The **eligible injured person, insured person** or someone on their behalf must promptly give us written proof of claim including:
    - (1) Full particulars of the nature and extent of the **bodily injury**; and
    - (2) Such other information that will help us determine the amount due and payable.
  - c. The **eligible injured person or insured person** must submit to physical examination by physicians when and as often as **we** reasonably require and a copy of the medical report will be

forwarded to such **eligible injured person** or **insured person** if requested.

2. The following Conditions are added:

a. **Reimbursement And Trust**

Subject to any applicable limitations set forth in the New Jersey Automobile Reparation Reform Act, if **we** make any payment to any **eligible injured person** or insured **person** under this coverage and that person recovers from another party, he or she shall hold the proceeds in trust for **us** and pay **us** back the amount **we** have paid. **We** will have a lien against such payment, and may give notice of the lien to the person or organization causing **bodily injury**, his or her agent or insurer or a court having jurisdiction in the matter.

b. **Payment Of Personal Injury Protection Benefits**

- (1) Medical expense benefits and essential services benefits may be paid at our option to the **eligible injured person**, **insured person** or the person or organization furnishing the products or services for which such benefits are due. These benefits shall not be assignable except to providers of service benefits. Any such assignment is not enforceable unless the provider of service benefits agrees to be subject to the requirements of our Decision Point Review Plan. In the event of the death of an **eligible injured person** or **insured person** any amounts payable, but unpaid prior to death, for medical expense benefits are payable to the **eligible injured person's** or **insured person's** estate.
- (2) Benefits payable under Paragraph A.2.d.(1) of the description of death benefits are payable to the **eligible injured person's** surviving spouse, or if there is no surviving spouse, to his or her surviving children, or if there is not a surviving spouse or any surviving children, to the **eligible injured person's** estate.
- (3) Benefits payable under Paragraph A.1.d.(2) of the description of death benefits are payable to the person who has incurred the expense of providing essential services.
- (4) Funeral expense benefits are payable to the **eligible injured person's** or **insured person's** estate.

c. **Deletion Of Benefits Other Than Medical Expenses Option**

When the Addendum indicates that the Deletion Of Benefits Other Than Medical Expenses Option applies, **we** will pay personal injury protection benefits consisting only of medical expense benefits for the **named insured** and **family members**.

d. **Employee Benefits Reimbursement**

If the **eligible injured person** or **insured person** fails to apply for workers' compensation benefits or employees' temporary disability benefits for which that person is eligible, **we** may immediately apply to the provider of these benefits for reimbursement of any personal injury protection benefits that **we** have paid.

e. **Proof of Health Benefits Plan Coverage**

If the **named insured** has elected the Medical Expense Benefits As Secondary option, the **named insured** shall provide proof that the **named insured** and **family members** are insured by health insurance coverage or benefits in a manner and to an extent approved by the New Jersey Department of Banking and Insurance.

f. **Special Requirements For Medical Expenses**

(1) **Care Paths For Identified Injuries (Medical Protocols)**

- (a) The New Jersey Department of Banking and Insurance has established by regulation the standard courses of medically necessary diagnosis and treatment for **identified injuries**. These courses of diagnosis and treatments are known as care paths.

The care paths do not apply to treatment administered during **emergency care**.

- (b) Upon notification to use of a **bodily injury** covered under this Policy, **we** will advise the **insured** of the care path requirements established by the New Jersey Department of Banking and Insurance.
- (c) Where the care paths indicate a decision point, further treatment or the administration of a diagnostic test is subject to our Decision Point Review Plan.

A decision point means the juncture in treatment where a determination must be made about the continuation or choice of further treatment of an **identified injury**.

(2) **Coverage For Diagnostic Tests**

- (a) In addition to the care path requirements for an **identified injury**, the administration of any of the following diagnostic tests is also subject to the requirements of our Decision Point Review Plan:
- (i) Brain audio evoked potential (BAEP);
  - (ii) Brain evoked potential (BEP);
  - (iii) Computer assisted tomographic studies (CT, CAT Scan);
  - (iv) Dynatron/cyber station/cybex;
  - (v) Electroencephalogram (EEG);
  - (vi) H-reflex Study;
  - (vii) Magnetic resonance imaging (MRI);
  - (viii) Needle electromyography (needle EMG);
  - (ix) Nerve conduction velocity (NCV);
  - (x) Somasensory evoked potential (SSEP);
  - (xi) Sonogram/ultrasound;
  - (xii) Videofluoroscopy;
  - (xiii) Visual evoked potential (VEP); or
  - (xiv) Any other diagnostic test that is subject to the requirements of our Decision Point Review Plan by New Jersey law or regulation.
- (b) The diagnostic tests listed under Paragraph (2)(a) must be administered in accordance with New Jersey Department of Banking and Insurance regulations which set forth the requirements for the use of diagnostic tests in evaluating injuries sustained in **auto accidents**.

However, those requirements do not apply to diagnostic tests administered during **emergency care**.

- (c) **We** will pay for other diagnostic tests that are:
- (i) Not subject to our Decision Point Review Plan; and
  - (ii) Not specifically excluded under EXCLUSION 1.I.;

only if administered in accordance with the criteria for medical expenses as provided in this ENDORSEMENT.

### (3) **Decision Point Review Plan**

- (a) Coverage for certain medical expenses under this Addendum is subject to our Decision Point Review

Plan, which provides appropriate notice and procedural requirements that must be adhered to in accordance with New Jersey law or regulation. **We** will provide a copy of this plan upon request, or in the event of any claim for medical expenses under this coverage.

- (b) Our Decision Point Review Plan includes the following minimum requirements as prescribed by New Jersey law or regulation:
  - (i) The requirements of the Decision Point Review Plan only apply after the tenth day following the **occurrence**.
  - (ii) **We** must be provided prior notice as indicated in our plan, with appropriate **clinically supported** findings, that additional treatment for an **identified injury** or the administration of a diagnostic test listed under Paragraph (2)(a) is required.

The notice and **clinically supported** findings may include a comprehensive treatment plan for additional treatment.

- (c) Once **we** receive such notice with the appropriate **clinically supported** findings, **we** will, in accordance with our plan:
  - (i) Promptly review the notice and supporting materials; and
  - (ii) If required as part of our review, request any additional medical records or schedule a physical examination.
- (d) **We** will then determine and notify the **eligible injured person** or the **insured person** whether **we** will provide coverage for the additional treatment or diagnostic test as indicated in our plan. Any determination **we** make will be based on the determination of a **health care provider**.
- (e) Any physical examination of an **eligible injured person** or **insured person** scheduled by **us** will be conducted in accordance with our plan.
- (f) A penalty will be imposed in accordance with **our** plan if:
  - (i) **We** do not receive proper notice and **clinically supported** findings;

- (ii) **We** are not provided medical records if requested by **us**; or
- (iii) Any **eligible injured person** or **insured person** fails to appear for the physical examination if required by **us**.

**g. Dispute Resolution**

If **we** and any person seeking Personal Injury Protection Coverage do not agree as to the recovery of Personal Injury Protection Coverage under this Addendum, then the matter may be submitted to dispute resolution, on the initiative of any party to the dispute, in accordance with New Jersey law or regulation.

Any request for dispute resolution may include a request for review by a medical review organization.

- 3. The following Condition is added for **Personal Injury Protection** and **Pedestrian Personal Injury Protection**:

**COORDINATION AND NON-DUPLICATION**

- a. Regardless of the number of **autos** insured for basic personal injury protection coverage pursuant to Section 4 of the New Jersey Automobile Reparation Reform Act or the number of insurers or policies providing such coverage, there shall be no duplication of payment of basic personal injury protection benefits and the aggregate maximum amount payable under this and all applicable policies with respect to **bodily injury** to any one person as the result of any one **occurrence** shall not exceed the applicable amounts or limits specified in Section 4 of said Act.
- b. If an **eligible injured person** under this coverage is also an **eligible injured person** under other complying policies, the insurer paying benefits to such person shall be entitled to recover from each of the other insurers an equitable pro rata amount is the proportion that the insurer's liability bears to the total of all applicable limits. Complying Policy means a Policy of automobile liability insurance maintained pursuant to the requirements of Section 3 of the New Jersey Automobile Reparation Reform Act and providing basic personal injury protection coverage as approved by the Commissioner of Insurance.

- 4. The following Condition is added for **Personal Injury Protection**:

**MEDICAL PAYMENTS DELETION**

In consideration of the Coverage provided for Personal Injury Protection and in Paragraphs A.1. and A.2. of this Addendum, and the adjustment of applicable rates because of **bodily injury** to an **eligible injured person**, any auto medical payments coverage provided under the coverage part is deleted with respect to an **auto** which is a covered **auto**.

#### E. Definitions

The **Definitions** Section is amended as follows:

1. The definition of **bodily injury** is replaced by the following:

**Bodily injury** means bodily harm, sickness or disease, including an **identified injury** or death that results.

2. The following definitions are added for **Personal Injury Protection**, and **Pedestrian Personal Injury Protection**:

- a. **Actual benefits** means those benefits determined to be payable for **allowable expenses**.
- b. **Allowable expense** means a medical necessary, reasonable and customary item of expense covered as benefits by the **named insured's** or **family member's** health benefits plan or personal injury protection benefits as an **eligible expense**, at least in part. When benefits provided are in the form of services, the reasonable monetary value of each such service shall be considered as both an **allowable expense** and a paid benefit.
- c. **Clinically supported** means that a **health care provider**, prior to selecting, performing or ordering the administration of a treatment or diagnostics test, has:
  - (1) Physically examined the **eligible injured person** or **insured person** to ensure that the proper medical indications exist to justify ordering the treatment or test;
  - (2) Made an assessment of any current and/or historical subjective complaints, observations, objective findings, neurologic indications, and physical tests;
  - (3) Considered any and all previously performed tests that relate to the injury and the results and which are relevant to the proposed treatment or test; and
  - (4) Recorded and documented these observations, positive and negative findings and conclusions on the **insureds** medical records.



- d. **Eligible expense** means:
- (1) In the case of health benefits plans, that portion of the medical expenses incurred for the treatment of **bodily injury** which is covered under the terms and CONDITIONS of the plan, without application of the deductible(s) and co-payment(s), if any.
  - (2) In the case of personal injury protection benefits, that portion of the medical expenses incurred for the treatment of **bodily injury** which, without considering any deductible and co-payment, shall not exceed:
    - (a) The percent or dollar amounts specified on the medical fee schedules, or the actual billed expense, whichever is less; or
    - (b) The reasonable amount, as determined by us, considering the medical fee schedules for similar services or equipment in the region where the service or equipment was provided, when an incurred medical expense is not included on the medical fee schedules.
- e. **Emergency care** means all treatment of a **bodily injury** which manifests itself by acute symptoms of sufficient severity such that absence of immediate attention could reasonably be expected to result in death, serious impairment to bodily functions or serious dysfunction to a bodily organ or part. Such emergency care shall include all medical necessary care immediately following an **occurrence**, including but not limited to, immediate pre-hospitalization care, transportation to a hospital or trauma center, emergency room care, surgery, critical and acute care. Emergency care extends during the period of initial hospitalization until the patient is discharged from acute care by the attending physician. Emergency care shall be presumed when medical care is initiated at a hospital within 120 hours of the **occurrence**.
- f. **Family member** means a person related to the **named insured** by blood, marriage or adoption (including a ward or foster child) who is a resident of the same household as the **named insured**.
- g. **Health care provider** means those persons licensed or certified to perform health care treatment or services compensable as

medical expenses and shall include, but not be limited to:

- (1) Hospital or healthcare facilities that are maintained by a State or any of its political subdivisions or licensed by the Department of Health and Senior Services.
- (2) Other hospitals or health care facilities designated by the Department of Health and Senior Services to provide health care services, or other facilities, including facilities for radiology and diagnostic testing, free-standing emergency clinics or offices, and private treatment centers;
- (3) A non-profit voluntary visiting nurse organization providing health care services other than in a hospital;
- (4) Hospitals or other health care facilities or treatment centers located in other states or nations;
- (5) Physicians licensed to practice medicine and surgery;
- (6) Licensed chiropractors, dentists, optometrists, pharmacists, chiropodists (Podiatrists), psychologists, physical therapists, health maintenance organizations, orthotists and prosthetists, professional nurses occupational therapists, speech language pathologists, audiologists, physician assistants, physical therapists assistants and occupational therapy assistants;
- (7) Registered bio-analytical laboratories;
- (8) Certified nurse-midwives and nurse practitioners/clinical nurse-specialists; or
- (9) Providers of other health care services or supplies including durable medical goods.

h. **Identifiable injury** means the following **bodily injuries** for which the New Jersey Department of Banking and Insurance has established standard courses of medically necessary diagnosis and treatment;

- (1) Cervical Spine: Soft Tissue Injury;
- (2) Cervical Spine: Herniated Disc/Radiculopathy;
- (3) Thoracic Spine: Soft Tissue Injury;
- (4) Thoracic Spine: Herniated Disc/Radiculopathy;
- (5) Lumbar-Sacral Spine: Soft Tissue Injury;
- (6) Lumbar-Sacral Spine: Herniated disc/Radiculopathy; and
- (7) Any other **bodily injury** for which the New Jersey Department of Banking and Insurance has established standard courses of appropriate diagnosis and treatment.

- i. **Income** means salary, wages, tips commissions, fees and other earnings derived from work or employment.
- j. **Income producer** means a person who, at the time of the **occurrence**, was in an occupational status, earning or producing income.
- k. **Named insured** means the person or organization named in General Endorsements (SNS Gen **01-01** (04/10) and SNS GEN **01-06** (04-10) of Policy #PK1019016, if an individual, includes his or her spouse if the spouse is a resident of the household of the **named insured**, except that if the spouse ceases to be a resident of the same household, the spouse shall be a **named insured** for the full term of the Policy in effect at the time of cessation of residency. If the covered **auto** is owned by a farm family co-partnership or corporation, the term **named insured** also includes the head of the household of each family designated in the Policy as having a working interest in the farm.
- l. **Pedestrian** means any person who is not occupying, using, entering into, or alighting from a vehicle propelled by other than muscular power and designed primarily for use on highways, rails and tracks.
- m. **Private passenger auto** means a self-propelled vehicle designed for use principally on public roads and which is one of the following types:
  - (1) A private passenger or station wagon type auto;
  - (2) A van, a pickup or panel truck or delivery sedan; or
  - (3) A utility auto designed for personal use as a camper or motor home or for family recreational purposes

A **private passenger auto** does not include:

- (a) A motorcycle;
- (b) An auto used as a public or livery conveyance for passengers;
- (c) A pickup or panel truck, delivery sedan or utility auto customarily used in the occupation, profession or business of an **insured** other than farming or ranching; or

- (d) A utility auto customarily used for the transportation of passengers other than members of the user's family or their guests.

- 3. The following definition is added to the **Definitions** Section for **Personal Injury Protection**:

**Eligible injured person** means:

- a. The **named insured** and, if the **named insured** is an individual, any **family member**, if the **named insured** or the **family member** sustains **bodily injury**:
  - (1) As a result of any **occurrence** while occupying, using, entering into or alighting from a **private passenger auto**, or
  - (2) While a **pedestrian**, caused by a **private passenger auto** or by an object propelled by or from a **private passenger auto**.
- b. Any other person who sustains **bodily injury**:
  - (1) While, with **your** permission, that person is occupying, using, entering into or alighting from the covered **auto**; or
  - (2) While a **pedestrian**, caused by the covered **auto** or as a result of being struck by an object propelled by or from the covered **auto**.

- 4. The following are added to the **Definitions** Section for **Pedestrian Personal Injury Protection**:

- a. **Eligible injured person** means:

A person who sustains **bodily injury** while a **pedestrian**, caused by an **Insured motor vehicle** or as a result of being struck by an object propelled by or from the **insured motor vehicle**.

- b. **Insured motor vehicle** means a self-propelled motor vehicle designed for use principally on public roads, which is not a **private passenger auto** and to which the liability coverage of this Coverage Form applies.

## **ADDENDUM II**

2017 Risk Management Plan  
Addendum #2  
New Jersey Uninsured and Underinsured Motorists Coverage

With respects to coverage provided by this Addendum, the provisions of Policy #PK1019016 – Coverage forms CA 00 01 12 93, IL 00 17 11 98, IL 00 21 07 02, IL 02080702 apply unless modified by this Addendum.

This Addendum is effective January 1, 2017

Limit of Insurance:

Bodily Injury: \$15,000 per person

\$30,000 per accident

Property Damage: \$ 5,000 per accident

A. Coverage

1. **We** will pay all sums the insured is legally entitled to recover as compensatory damages from the owner or driver of an **uninsured and underinsured motor vehicle**. The damages must result from bodily injury sustained by the insured, or **property damage** caused by an accident. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of an **uninsured and underinsured motor vehicle**.

2.

With respect to damages resulting from an occurrence with an underinsured motor vehicle, we will pay under this coverage only if a. or b. applies:

- a. The limit of any applicable liability bonds or policies have been exhausted by judgments or payments ; or
- b. A tentative settlement has been made between an insured and the insurer of an underinsured motor vehicle and we:
  - (1) Have been given prompt written notice of such tentative settlement; and
  - (2) Advanced payment to the insured in an amount equal to the tentative settlement within 30 days after receipt of notification.

3. Any judgment for damages arising out of a suit brought without **our** written consent is not binding on **us**.

B. Who is An Insured

If the Named Insured is designated in the General Endorsements (SNS Gen **01-01** (04/10) and SNS GEN **01-06** (04-10) of Policy #PK1019016 as:

1. An individual, then the following are insured:
  - i. The Named Insured and any family members.
  - ii. Anyone else **occupying** a covered auto or a temporary substitute for a covered auto. The covered auto must be out of service because of its breakdown, repair, servicing, loss or destruction.
  - iii. Anyone for damages he or she is entitled to recovery because of bodily injury sustained by another insured.
2. A partnership, limited liability company, corporation or any other form of organization, then the following are insureds:
  - i. Anyone **occupying** a covered auto or a temporary substitute for a covered auto. The covered auto must be out of service because of its breakdown, repair, servicing, loss or destruction.
  - ii. Anyone for damages he or she is entitled to recover because of bodily injury sustained by another insured.

#### C. Exclusions

This insurance does not apply to any of the following:

1. With respect to an **uninsured and underinsured motor vehicle**, any claim settled without our consent.
2. Damages for pain, suffering and inconvenience resulting from bodily injury caused by an accident involving an **uninsured and underinsured motor vehicle** unless the injured person has a legal right to recover damages for such pain, suffering and inconvenience under the New Jersey Automobile Reparation Reform Act. The injured person's legal right to recover damages for pain, suffering and inconvenience under the New Jersey Automobile Reparation Reform Act will be determined by the liability tort limitation, if any, applicable to that person.
3. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
4. The direct or indirect benefit of any insurer of property.
5. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
6. **Property damage** for which the Insured had been or is entitled to be compensated by other property or physical damage insurance.
7. The first \$500 of the amount of **property damage** to the property of each insured as the result of any one accident.
8. **Property damage** caused by a hit-and-run vehicle.
9. Punitive or exemplary damages.
10. Bodily injury or **property damage** sustained by an Insured who is an owner of a motor vehicle:
  - i. Insured under a basic automobile insurance policy issued in accordance with New Jersey law or regulation; or
  - ii. Required to be insured in accordance with New Jersey law or regulation, but not insured for this coverage or any similar coverage.

However, this exclusion does not apply to an individual Named Insured, and such Named Insured's spouse, unless the individual Named Insured or such Named Insured's spouse are **occupying**, at the time of an accident, a motor vehicle described in Subparagraph a. or b. under Item B Who is An Insured.

#### D. Limit of Insurance

1. Regardless of the number of covered autos, insureds, premiums paid, claims made or vehicles involved in the accident, the Limit of Insurance shown in this Addendum for Uninsured Motorists Coverage is the most we will pay for all damages resulting from any one accident with an **uninsured and underinsured motor vehicle**.
  - i. However, subject to our maximum limit of Insurance for this coverage, if:
    1. An insured is not the individual named insured under this Coverage;
    2. That Insured is an individual named insured under one or more other policies providing similar coverage; and
    3. All such other policies have a limit of insurance for similar coverage which is less than the Limit of Insurance for this coverage; then the most **we** will pay for all damages resulting from any one accident with an **uninsured and underinsured motor vehicle** shall not exceed the highest applicable limit of insurance under any coverage from or policy providing coverage to that insured as an individual named insured.
  - ii. However, subject to our maximum Limit of Insurance for this coverage, if;
    1. An insured is not the individual named insured under this Addendum or any other policy;
    2. That insured is insured as a **family member** under one or more other policies providing similar coverage; and
    3. All such other policies have a limit of insurance for similar coverage which is less than the Limit of Insurance for this coverage;

Then the most **we** will pay for all damages resulting from any one accident with an **uninsured and underinsured motor vehicle** shall not exceed the highest applicable limit of insurance under any coverage form or policy provide coverage to that Insured as a **family member**.

2. With respect to damages resulting from an accident involving an **uninsured and underinsured motor vehicle**, **we** will not make a duplicate payment under this Coverage for any element of loss for which payment has been made by or for anyone who is legally responsible.
3. No one will be entitled to receive duplicate payments for the same elements of loss under this Addendum and any Liability Coverage Form or Endorsement within Policy #PK1019016.

**We** will not pay for element of loss if a person is entitled to receive payment for the same elements of loss under any personal injury protect benefits.

#### E. Conditions

All "Other Insurance" Conditions stated in Policy #PK1019016 are deleted in their entirety and replaced with the following:

If there is other applicable insurance available under one or more policies or provisions of coverage:



1. The maximum recovery under all coverage forms or policies combined may equal but not exceed the highest applicable limit for any one vehicle under any coverage form or policy provided coverage on either a primary or excess basis.

However, if an Insured is:

- i. An individual named insured under one or more policies providing similar coverage; and
- ii. Not **occupying** a vehicle owned by that individual named insured;

then any recovery for damages for bodily injury or **property damage** for that insured may equal but not exceed the highest applicable limit for any one vehicle under any coverage form or policy provided coverage to that insured as an individual named insured.

However, if an insured is:

- i. Insured as a family member under one or more policies providing similar coverage;  
and
- ii. Not an individual named insured under this or any other Policy;

then any recovery for damages for bodily injury or **property damage** for that insured may equal but not exceed the highest applicable limit for any one vehicle under any coverage form or Policy provided coverage to that insured as a **family member**.

2. Any insurance provided with respect to a vehicle the Named Insured does not own shall be excess over any other collectible uninsured motorist's insurance providing coverage on a primary basis.
3. If the coverage under this Addendum is provided:
  - i. On a primary basis, **we** will pay only **our** share of the loss that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that **our** limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.
  - ii. On an excess basis, **we** will pay **only** our share of the loss that must be paid under insurance providing coverage on an excess basis. **Our** share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on an excess basis.

#### F. Duties In The Event of Accident

All provisions as stated in Policy #PK1019016 and the following:

1. Promptly notify the policy if a hit-and-run driver is involved; and
2. Promptly send **us** copies of the legal papers if a suit is brought.
3. A person seeking coverage under this Addendum must also promptly notify **us**, in writing, of a tentative settlement between the **insured** and the insurer of an **underinsured motor vehicle**, and allow us to advance payment to that **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification to preserve **our** rights against the insurer, owner or operator of such **underinsured motor vehicle**

G. Transfer of Rights of Recovery Against Others To Us

If **we** make any payment and the insured recovers from another party, the insured shall hold the proceeds in trust for us and pay us back the amount we have paid. Our rights do not apply under this provision with respect to damages caused by an **occurrence** with an **underinsured motor vehicle** if we:

- a. Have been given prompt notice in writing of a tentative settlement between an insured and the insurer of an **underinsured motor vehicle**; and
- b. Fail to advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification

If **we** advance payment to the **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification:

- (1) That payment will be separate from any amount the **insured** is entitled to recover

Under the provisions of this endorsement; and

- (2) **We** also have a right to recover the advanced payment

H. Arbitration

1. If **we** and an insured disagree whether the insured is legally entitled to recover damages from the owner or driver of an uninsured and underinsured motor vehicle or do not agree as to the amount of damages that are recoverable by that insured, then the matter may be arbitrated. However, disputes concerning coverage under this Addendum may not be arbitrated. Either party may make a written demand for arbitration. In this event each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expense it incurs and bear the expenses of the third arbitrator equally.
2. Unless both parties agree otherwise, arbitration will take place in the county in which the insured lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

G. Additional Definitions

1. **Family member** means a person related to an individual Named Insured by blood, marriage, or adoption who is a resident of such Named Insured's household, including a ward or foster child.
2. **Insured/we/us/our** means Mercer County Insurance Fund Commission
- Occupying** means in, upon, getting in, on, or out off.
3. **Property damage** means damage to a covered auto, or to any property of an insured while contained in a covered auto.
4. **Underinsured motor vehicle** means the following:
  - i. With respect to an **insured** who:
    1. Is not the individual named insured under this Addendum; and
    2. Is an individual named insured under one or more other policies providing similar coverage

**Underinsured motor vehicle** means a land motor vehicle or **trailer** of any type to which a liability bond or Policy applies at the time of an **occurrence** but its limit of liability is less than the highest applicable limit of liability under any coverage form or Policy providing coverage to that

**insured** as an individual named insured

ii. With respect to an **insured** who:

1. Is not the individual named insured under this Policy or any other Policy; and
2. Is insured as a **family member** under one or more other policies providing similar coverage,

**Underinsured motor vehicle** means a land motor vehicle **trailer** any type to which a liability bond or Policy applies at the time of an **occurrence** but its limit for liability is less than the highest applicable limit of liability under any coverage form or Policy providing coverage **insured** as a **family member**

with respect to any other **insured** who is not described in paragraphs i. or ii. above, underinsured motor vehicle means a land motor vehicle or trailer of any type to which a liability bond or policy applies at the time of an occurrence but its limit of liability is less than the limit of insurance for this coverage.

however, an **underinsured motor vehicle** does not include any vehicle:

3. Owned or operated by a self-insurer under any applicable motor vehicle law;
4. Owned by any governmental unit or agency
5. Operated on rails or crawler treads;
6. Designed for use mainly off public roads while not on public roads; or
7. While located for use as a residence or premises
8. Owned by or furnished or available for the regular use of the named Insured or, if the Named insured is an individual, any **family member**.

5. **Uninsured motor vehicle** means a land motor vehicle or trailer:

- i. For which no liability bond or policy applies as the time of an accident;
- ii. For which an insuring or bonding company denies coverage or is or becomes insolvent; or
- iii. That, with respect to damages for bodily injury only, is a hit-and-run vehicle whose operator or owner cannot be identified and that hits, or causes an accident resulting in bodily injury without hitting:
  1. An individual Named Insured or any family member;
  2. A vehicle that the Named Insured or any family member, if the Named Insured is an individual, and occupying; or
  3. a covered auto.

However, uninsured motor vehicle does not include any vehicle:

- i. Owned by or furnished or available for the regular use of the Named Insured or any family member, if the Named Insured is an individual;

- ii. Owned or operated by a self –insured under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
- iii. Owned by any government unit or agency;
- iv. Insured under a basic automobile insurance policy issued in accordance with New Jersey law or regulation;
- v. Operated on rails or crawler treads;
- vi. Designed for use mainly off public roads while not on public roads;
- vii. Whiled located for use as a residence or premises.